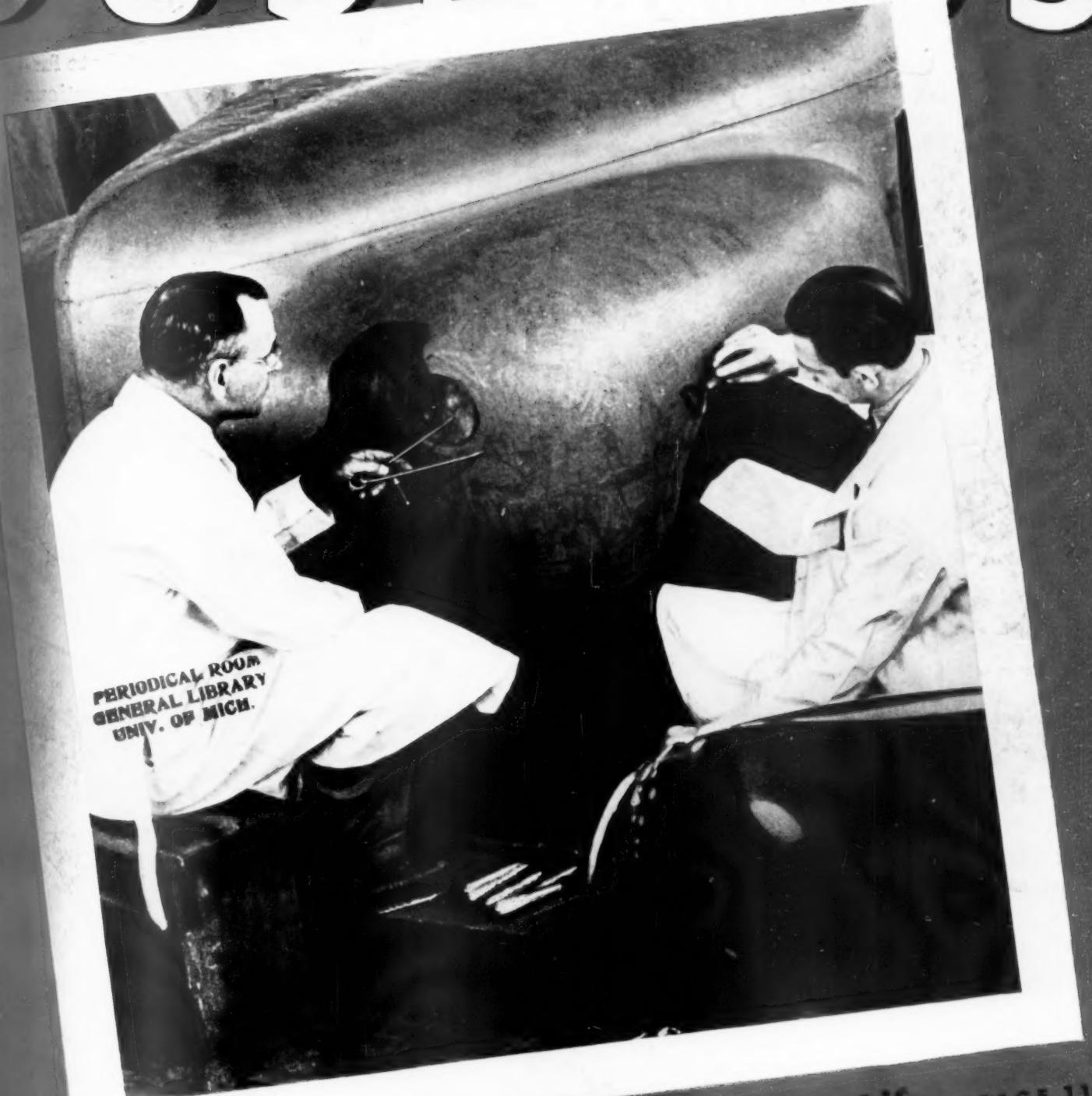


NATION'S BUSINESS



Creating a More Abundant Life—PAGE 11

October • 1940

**FROM
TOM-TOM
TO
TELETYPE**



In African jungles, messages are often transmitted by talking drums—a method that is slow and limited to the distance an ear can hear.

In American business, messages are transmitted by "talking" type—a method that carries written words any distance as quickly as they're typed!

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TELETYPEWRITER SERVICE**



Shake Hands with Our Contributors

WHEN the Germans broke through at Sedan it was freely predicted that only a miracle could save the French. But long before this modern Sedan the crumbling process had started. Ever since the Blum régime, the French politicians had been experimenting with socialistic doctrines and radical reforms that upset the country's economy when the greatest need was national cohesion. While Frenchmen dreamed of security behind the Maginot Line, their industry was strangled by restrictive legislation and administrative contradictions. When the inevitable confusion resulted in military catastrophe it was almost certain that there would be no miracle. Internal troubles had long before created a spreading cancer that no military genius could eradicate.

Norton Webb, who traces French political history from Blum to Pétain in this issue of **NATION'S BUSINESS** points out the significant governmental activities that ended in the French collapse. He has made a special study of French affairs for the last two decades and covered assignments for such papers as the *Christian Science Monitor*, *Boston Transcript* and *Manchester Guardian* in France, Belgium, Britain and Germany.

Defense anxieties offer opportunities for agitation to remake the nation which, in more normal times, gets scant attention. One of them is the idea for getting Government into the railroad business as it was in the war year of 1918 and a season thereafter. Railroad executives are confident that they can take care of all defense needs. One of them, who is in a particularly well placed position to know, gives a railroad man's reasons for his confidence in believing that the railroads can carry their share of the load.

Herbert Corey, contributor of "Washington and Your Business" checked up on alien registration plans and tells employers how they may cooperate with Government to prevent sabotage or damage.

Ed Thornhill is an engineer who has lived at Greenbelt since 1937, but not in government housing. He was formerly with the Farm Security Administration assigned to the Greenbelt project. Fred DeArmond is on the staff of **NATION'S BUSINESS**.

The statements from the writings, speeches and testimony of Wendell Willkie were collected by the staff from his numerous papers that have been appearing since 1934 when he made a talk before the Birmingham, Alabama Rotary Club.

Ralph F. Armstrong has specialized on digging out facts in industrial stories and was once known as one of New York's most successful investigating reporters.

Milton W. Jiler is managing editor of Commodity Research Bureau, Inc. in New York City.

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NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE U. S.
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This plant's accident "past" was so poor that those insurance companies lacking effective means of helping it build a safety "future", shied away from its workmen's compensation.

But to American Mutual, a past accident record is one guide to what must be done to bring about safer working conditions. Of prime significance is the sincerity of Management in wanting to build a safety future.

Investigation of this plant disclosed that Management was awake to the need of aggressive, forceful change. Our engineers became convinced that with proper organization, safety could be installed, and they recommended acceptance of the plant's insurance.

Safeguards were devised, methods improved — under guidance of American Mutual safety experts who also knew the production methods employed in this type of plant.

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Meanwhile, the firm has profited as thousands of others have from American Mutual's service of refitting men who have been injured . . . and from cash dividends of 20% or more, paid regularly by American Mutual and its affiliate on almost all forms of insurance except life.

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Replenish your supply of Fuel Satisfaction now. Then when you need the right coal for your particular use—domestic, industrial or special—you will have ample quantities of this clean, dependable, economical fuel. Be sure you are getting Fuel Satisfaction when you buy coal. Always reorder this quality coal by name.

You are assured prompt deliveries of Fuel Satisfaction, via the Norfolk and Western Railway's modern transportation service, in sufficient quantity to meet all of your fuel demands. For cheerful assistance in the solution of any fuel problem or further information about N. & W. origin coal, telephone or write: Coal Traffic Department, Roanoke, Va., or any of the railway's Coal Bureaus located at the following addresses: 833 Chamber of Commerce Building, Boston; 819 Marquette Building, Chicago; 904 Dixie Terminal Building, Cincinnati; 1819 Union Commerce Building, Cleveland; 1740 Book Building, Detroit; 1105 Reynolds Building, Winston-Salem; or any representative of the railway's Freight Traffic Department.



**NORFOLK
AND
WESTERN**
Railway

CARRIER OF FUEL SATISFACTION

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Through the EDITOR'S SPECS

White House arithmetic

TO JUSTIFY the Tennessee Valley project cost of \$500,000,000, President Roosevelt, in his Chickamauga Dam address, used some rather amazing figures.

He said engineers had told him that the annual loss from floods in the Tennessee Valley was \$25,000,000; that the topsoil annually carried to the sea by floods averaged another \$25,000,000; that better farming and forestry could produce at least \$25,000,000 a year more and, finally, that a saving of \$25,000,000 a year could be made by cheaper electric rates and wider distribution of power.

Listening to these "practical" estimates of the President we recalled Adam Smith's remark, quite as true now as when he wrote it in 1776:

I have no great faith in political arithmetic.

Other skeptics read the speech, too. Among them was Representative Jenkins of Ohio, who knows something about the Tennessee Valley, having been a member of the House Committee to investigate the T.V.A. He cited in reply to the President a statement by the Corps of Engineers of the Army that the average annual flood loss in the Tennessee Valley is \$1,780,000. The Army engineers placed the river's annual discharge of silt into the Mississippi River at 3,525,000 cubic yards. The President's contention, said Mr. Jenkins, would value this eroded soil at \$7 a cubic yard, or considerably more than the value of the best grade of bituminous coal!

As for the saving of \$25,000,000 a year in electric rates, the Ohio Congressman adduces the fact that the gross revenue of all electric power companies in Tennessee before the coming of the T.V.A. was only \$23,211,000. Since Tennessee constitutes 87.7 per cent of the T.V.A. service area, he concluded that for the President's figure to be right electric power would have to be virtually free.

And he calls it economics

THAT EMINENT scribbler, economic mentor of the New Order, Stuart

Chase, has published another tome which purports to tell Americans what to do about "Idle Dollars, Idle Men." It's the same old baloney that Chase has been slicing for ten years.

Keep on contracting new debts faster than the old can be paid is the burden of this paean of defeat and deficit. A modern government can't become bankrupt as long as it controls the currency and can "convert" its obligations to lower and lower interest rates. To us that means as long as governments can print money and defraud their creditors.

"Shall we conclude that any spending for any project, or for no project at all, is good for the modern economic machine?" asks Chase. "If unemployment is high and the rate of goods exchange low, we should draw just this conclusion," he answers.

He seriously affirms that hiring an army of workers to bail out Long Island Sound or erect another great Pyramid of Gizeh in Central Park or equip the Missouri River with a fleet of battleships would halt the depression. The New England hurricane, no less than a cloud of W.P.A. checks, gave retailers a big lift. Ergo, even hurricanes are good for our economy.

If this driveling were only the vapors of one man we could laugh and forget. But it represents the deliberate philosophy of the Government under which we now live.

A world remade

SPEAKING to his constituents through the *Congressional Record*, Representative John M. Houston of Kansas says:

The gigantic task of rebuilding America charged to the Public Works Administration seven years ago is practically complete.

But the \$1,000,000,000 appropriated to run the W.P.A. through June of 1941 will be exhausted by February, according to current reports.

Parable of the price buyer

THIS story may be slightly apocryphal but anyway it makes a good point. The head of a large business in China, it is said, asked the leading

...cast iron pipe saved this town a lot of taxes



JOE, the barber, gets to know a lot about what's going on. His town needed an extension to its water supply system and issued bonds to pay for it. The bonds were bought by investors with the proviso that cast iron pipe be used for the water mains. And Joe knows why. The first cast iron water mains installed in that town a century ago are still in service. Their long life has saved the citizens a lot in taxes.

Cast iron pipe has a proved useful life at least double the estimated life of other pipe used for water, gas and sewer mains. It is the only ferrous metal pipe, practicable for such mains, that rust does not destroy. Sizes from $1\frac{1}{4}$ to 84 inches.



Unretouched photograph of a cast iron water main which has served the citizens of New York City for more than a century.

PUBLIC TAX SAVER
NUMBER ONE

CAST IRON PIPE

THE CAST IRON PIPE RESEARCH ASS'N. T. F. WOLFE, RESEARCH ENGINEER, PEOPLES GAS BLDG., CHICAGO

pencil makers in his country and Japan to submit prices and samples on an order for 100 gross of pencils. Lowest offer by 50 per cent was that of a Japanese firm and, since its sample seemed as good as the others, it was given the order.

Next day after their delivery the executive's secretary brought him one of the pencils and pointed out that after the second sharpening it would no longer write because there was only about an inch of lead in the end. They were all that way, it developed. Of course, the Chinese industrialist kicked loudly. But all the satisfaction he got from the manufacturer was the advice to look at the sample and see for himself that it was just like the pencils delivered. A postscript at the end of his letter added:

Please remember, you get only what you pay for.

Note on efficiency

ANY good business man knows that an executive who makes himself indispensable to his organization is thereby a failure as an executive. The really efficient executive knows that man is but mortal flesh. He builds an organization that can function without him when the time comes.

Pure research at its best

LEST we forget the debt posterity will owe to the W.P.A., here are a few vital facts recorded in its index of research projects conducted by W.P.A. and C.W.A. workers on Government time:

No. 2470. Survey in Denver indicated that about 85 per cent of young persons from 16 to 24 lived either in their own or their parents' homes.

No. 2564. Child study in the Berkeley, Calif., schools disclosed that boys are better at sports and games than girls.

No. 4250. A survey of Jefferson County, Tenn., revealed that croppers and farm laborers were more numerous on the better lands and tax delinquency was greater for the poorer farms.

No. 4254. Survey of 457 farmers in three Tennessee counties showed that, on the average, owners were older than tenants and white operators older than negroes.

No. 4304. A study of the certificates for 21,000 cars of Minnesota potatoes showed that cuts appeared in 77 per cent of the lot and bruises in 94 per cent.

No. 4769. Interviews with 2,761 heads of rural households in Arizona's irrigated area revealed that seven per cent were under 25 years of age; 49 per cent were 25 to 44; 36 per cent, 45 to 64; and eight per cent were more than 65. Thirty-nine per cent came from the Southern states, 15 per cent were native Arizonians, etc.

The new day

FARM Security Administration is now making loans to children who take part in 4-H Club and Future Farmers of America activities. Once farm boys and girls were taught to

make and save; now they learn from their Government how to borrow and spend.

Preview of Soviet America

THOSE who are curious to measure the amazing vogue of Statism in the United States should read the report of the 1940 White House Conference on Children in a Democracy and compare it with the Soviet program. Here are a few of the list of recommendations made by the Conference, under the chairmanship of Secretary Frances Perkins:

Assumption by the federal Government of full responsibility for all interstate migrant labor, and by the states for intra-state migrants.

Federal housing appropriations for rural areas as well as cities.

A study of how religious education can be provided in the program for public education.

"Extended" federal aid to the states for education.

A system of public nurseries and kindergartens for all children from three to six years old.

Recreation and use of leisure time by children and youth should be made a responsibility of government.

Federal grants for public libraries.

Requirement of employment certificates for all minors under 18, to be issued only after physical examinations.

Abolition of all industrial home work.

Government work projects for all youth over 16 who are not in school or employed.

Preventive and curative health services and medical care to be made available to the entire population as a public responsibility, if necessary.

Care for all mothers and infants "through private resources or public funds."

Extension of "measures relating to wages and hours, collective bargaining and social security" to all agricultural labor.

We can't think of anything the Conference overlooked unless it be free toys and all-day suckers.

Sedition laws again?

REPRESENTATIVE Sabath, chairman of the House Rules Committee, is trying to outdo Henry Wallace in strafing Hitler. He has introduced a bill aimed at those anonymous, anomalous and omnipresent fifth-columnists.

The Sabath bill would assess a penalty of \$5,000 fine and imprisonment up to 21 years for fifth-column activities and against any one who "attempts to justify fifth-column activities or un-Americanism, or prints, publishes, edits, issues, circulates, publicly displays or possesses any book, paper, pamphlet, document, poster, or written or printed matter in any other form containing fifth-column activities or un-Americanism."

If this sedition bill should be passed look out, Colonel Lindbergh, Mr. Ford, Senator Wheeler and all those editors and writers whose definition

BUSINESS MEN DON'T WANT ACCIDENT INDEMNITIES . . .

■ ■ ■ They want *NO ACCIDENTS*.

The fullest insurance coverage can never compensate for all the havoc and losses that strew the wake of an exploding boiler or pressure vessel, a bursting flywheel, a crashing turbine.

True, insurance can and does help to replace wrecked property and power equipment. But it cannot recover customers lost during plant restoration. It cannot redeem lost prestige. It cannot clear consciences nor assuage grief resulting from lives maimed or lost.

That is why Hartford Steam Boiler strives toward accident prevention with engineering facilities organized for this purpose alone. That is why it expends a third of its premium income on expert inspection of policyholders' power-plant equipment; on the scientific study of power-plant accident causes and on devising further means toward their eradication.

There is, of course, no such thing as "100 per cent safety." The chance of disaster cannot be completely eliminated. When an accident does strike, Hartford's solid financial position assures prompt and positive payment of loss. Your agent or broker will tell you why Hartford is unique — a company specializing exclusively in power-plant insurance and dominated by power-plant engineering.

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Hartford, Connecticut



• Hartford Steam Boiler is entrusted with a preponderant portion of America's insured power equipment; and shop-inspects more than 90% of the nation's industrial-power boilers during their construction.



Well—Have You Ever Tried to Explain Your Estate to Your Wife?

FOR many a man of substance, it's a pretty hopeless job. For though he manages his business with precise reports and careful budgets, his own estate—and its future distribution—are likely to be pretty confused.

Of what does it consist? Is the large part of it made up by his business? Are its future values predictable? How shall various properties be transmitted to one's heirs? How will they be distributed? What liabilities will that estate incur? How can they be most economically met? What other needs for cash will his heirs experience, and will such needs require liquidation of any estate assets? What regular income will be available?

These suggest but a few of the questions which must be considered in arranging the distribution of an estate to assure maximum conservation of assets and

minimum depletion through taxes and probate costs.

There are Northwestern Mutual agents who specialize in estate analysis—men who consult with your attorneys, who cooperate with them and with your tax advisers, trust officers, and others in connection with any recommendation for proper estate protection.

These men may suggest certain purchases of life insurance, but when and if they do, it will be because life insurance fits into your estate picture as the best way of avoiding difficulties and delays and of saving money in the transfer of your estate. Regardless of your age or the size of your estate, write for further information on estate analysis and protection. The Northwestern Mutual Life Insurance Company, Milwaukee, Wis.

of un-Americanism doesn't agree with the Congressman's.

The author of the bill bitterly opposed the work of the Dies Committee on un-American activities. From which one seems justified in concluding that Communism does not come within his definition of un-Americanism.

"Learn to labor and to wait"

THE AMERICAN Youth Commission deserves a pat on the back for reminding young people that "labor is the lot of man" and that most of that great majority of students in the secondary schools who are led to hope for careers in white-collar jobs are certain to be disappointed.

But why did the Commission want to spoil this sound advice by demanding that high school courses in the social sciences be expanded? "Social science" is a mongrel subject. As taught in the texts by Prof. Harold Rugg it is more propaganda than science. High school students need instruction that disciplines the mind and develops the faculties, not the kind that hammers socialistic opinion into their minds. You can't teach young people that "labor is the lot of man" by telling them that wealth is centered in the hands of a few and we need only to find ways of redistributing it in order to be happy.

In bad company

THE "juvenile jurist" on the National Labor Relations Board's legal staff who handled the case of the Kansas City Power and Light Co. was a vigilant young man. He heard a disquieting rumor that Alec E. Bettis, one of the company officials, was a member of the Kansas City Chamber of Commerce. So disturbed was he by this revelation that he asked David Saposs, director of economic research for the Board, to investigate, even though the case already had been closed and sent to the Board for decision.

This incident was brought to light by Representative Halleck, a member of the Smith Committee, during the congressional investigation of N.L.R.B.

More recently, the West Virginia Industrial Union Council amended its constitution to deny a seat in the Council's convention to any one affiliated with the Communist Party, the Ku Klux Klan, the Nazis or the U. S. Chamber of Commerce.

That makes us more subversive than Harry Bridges or David Saposs.

The way of a bureau

A DOCTOR friend is responsible for this one.

Shortly after the outbreak of the war, a struggling young London doc-

tor with a scanty practice that barely paid his rent received notice from the Ministry of Health that he had been appointed to head a government pediatrics department. Although puzzled by such a stroke of fortune, he asked no questions but took over the job at once.

Only after several weeks did the officials discover that it was a case of mistaken identity. They had appointed a well known specialist by the same name and the notice had gone to the wrong man.

One shouldn't be too surprised when state medicine mixes its prescriptions.

Lawmaking by proxy

THE Robinson-Patman Act is one of those laws that attempts to legislate "fair practices" into business. That means something like legislating a code of etiquette for society. Gordon C. Corbaley, president of the American Institute of Food Distribution, says the law "was simply a declaration of principles, with the actual law, in effect, being written by Federal Trade Commission orders which would stand in law unless changed by U. S. court decisions."

Business has been so much in the dark as to what the Robinson-Patman Act prohibits and what it permits that Mr. Corbaley's organization has compiled a 143-page Guide Book for its members.

Based on more than 100 F.T.C. decisions, it furnishes clues as to the Commission's interpretation and implementation of the law.

Several books have been written to reduce to plain English what the Wagner Act means to the National Labor Relations Board and the courts. When will our lawmakers resume their prerogative of writing the laws themselves?

Creating a more abundant life

THE MEN shown on our cover this month are modelling a full-sized automobile in clay. When they have finished, their model—called a mock-up—will undergo vigorous scrutiny. If satisfactory, it will be duplicated in wood, then steel. Eventually it may appear as the company's model for next year, or the year after.

In such ways the automobile builders, whose new products go on display at the auto shows, strive constantly for more comfort, more beauty, greater safety and ease of handling. Each, in his efforts to outdo his competitors, gives the customer each year more automobile value for his money. Under a system of free enterprise, this must always be the case, as explained at length in this month's supplement, beginning on page 33.

"Time Clock" for Machinery!

Heavy Marks Show Busy Time of Machinery



"Diary of a Machine"
 A—Didn't get started until 9 A.M.
 B—Stop of 40 minutes—waiting for material.
 C—A hearty lunch!
 D—Three 10-minute stops—machine jammed, poor material.
 E—Operative left machine for half an hour. Why?
 F—Plenty of time to wash up! Quitting time not until 5:00.

What Does It Cost You when Machinery is IDLE

for half an hour when it might have been producing? Suppose you could increase its running time merely 10 minutes a day. What would it mean? More than you'll ever save by "little economies."

The big economy in any plant is to increase productive time, if only five per cent.

You don't have to hold a stop-watch to do it. Clamp a Servis Recorder right to any machine and leave it there. Leave it all day. The next morning ask for the chart. No mistakes here. Your machinery has automatically written its own story for 24 hours. You can read it at a glance—busy time—idle time.

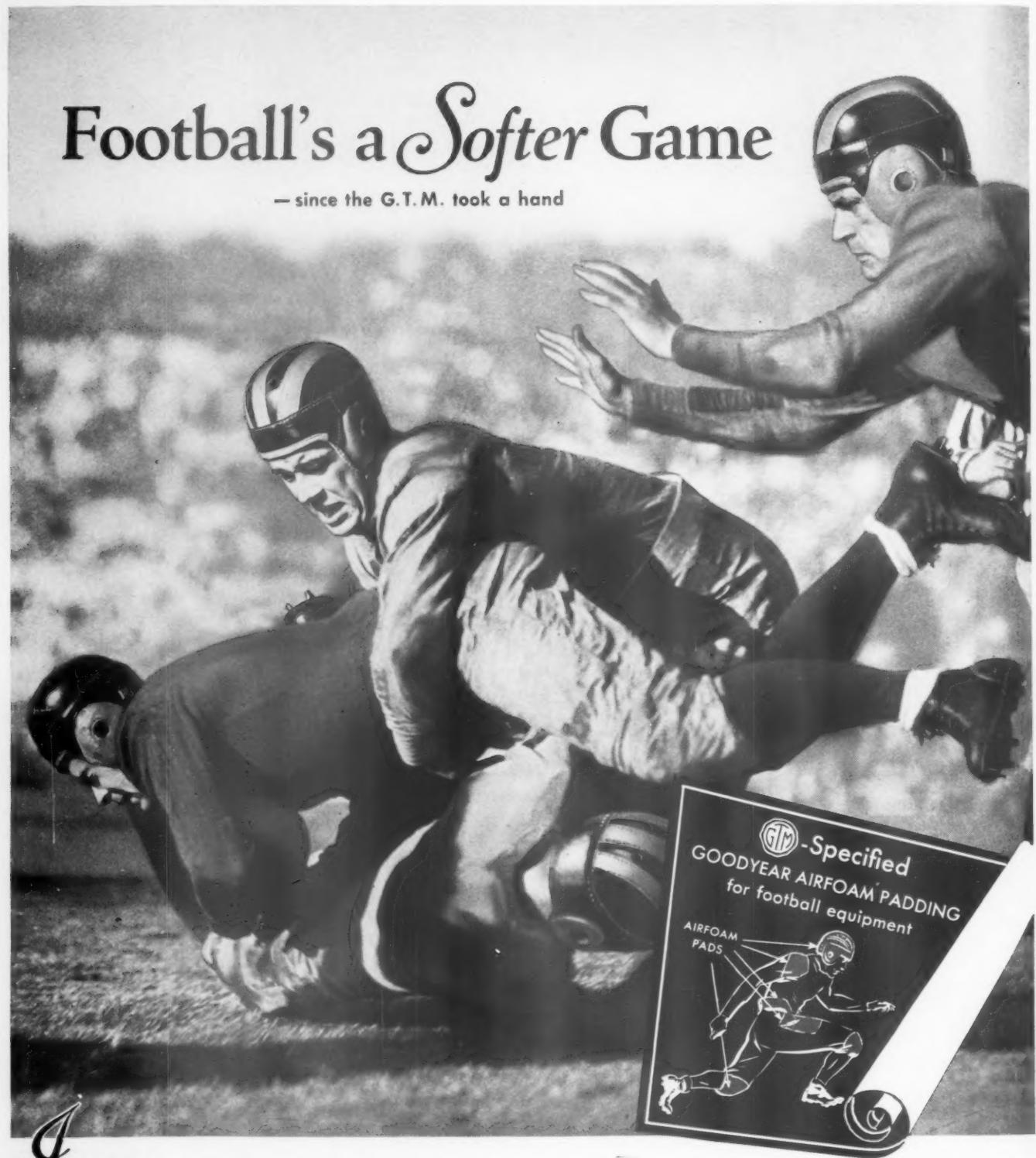
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 Attention of _____
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*I*n this fall's gridiron wars many players will be safeguarded from bruising, bone-breaking impacts by a new kind of football armor devised by the G. T. M.—Goodyear Technical Man. It is padded with Airfoam, Goodyear's amazing new latex cushioning that makes modern furniture and automobile seats so gloriously comfortable. Molded into helmet, hip and shoulder pads, Airfoam softens the hardest block with a resiliency unknown in stiff conventional harness. And its porous, self-ventilating, featherweight

structure makes Airfoam-padded gear cooler, lighter, less wearing on the boys. First adopted by a leading midwest university last year, Airfoam quickly proved its superior advantages in protecting tackler as well as tacklee. Elsewhere, too, Airfoam is being specified by the G. T. M. with great success—in invalid equipment, seed-sorting machines and other novel uses demanding exceptional cushion.

To consult the G. T. M. on your problem write: Goodyear, Akron, Ohio, or Los Angeles, California.

THE GREATEST NAME
GOOD  **YEAR** IN RUBBER

Airfoam—T. M. The Goodyear Tire & Rubber Company



Must We Hitlerize to Fight Hitlerism?

IT IS disturbing to report that there is a growing belief that the only way to compete with a one-man government is to set up a one-man government here. The Senate debates the issue of giving the President full-time war powers now. Senator Pepper, accredited as the Administration spokesman, pleads:

In addition to that [three general war powers] I have purposely included the power to suspend the Wage-Hour Law, the power to suspend the Walsh-Healey Act, the power to suspend the National Labor Relations Act, the power to suspend any rule, any regulation, any statute which the President thinks, in his wise discretion, will interfere with the vital necessity of this country's arming itself at the earliest possible time that conditions permit. . . .

If more hours of work are required of labor, I favor conferring upon the President power to require whatever number of hours the national emergency may necessitate. . . .

With the picture clearly before us of what that has meant abroad, can we, with open eyes, subscribe to such a course here? We must remember that it means not only conscription of the daily life of each of us but also the use of the other tools of dictators. It is impossible to adopt half-way measures.

The other tools involve moral values. Dictators have thrown international law into the ash-can. Broken promises are their rule. Expediency is their highest concept. Women and children *second*. Old-fashioned moralities are *passé*. Subterfuge is their pattern, and, as paternalism and regimentation grow, such practices pass the sentence of death upon human decency.

It is this spiritual significance that dismay. Already we find ourselves in the backwash of Europe's unmorality. Short cuts which violate the constitution have become the fashion, cleverness is a credo, devious processes are the rule, traditional values are written down on pretext of emergency, "reform" is the excuse for desecrating established principles and for whipping up class hatreds. Party platform promises, solemnly

pledged, all too frequently turn out meaningless gestures.

Imperceptibly and insidiously political management stimulates the transfer of the rights of the individual to itself. The road upon which we are galloping leads to complete subordination of the Man to the State, of the individual to subservience to another individual. During the discussion on proposed power which would give the Chief Executive authority to compel an American to make implements of war for some foreign country, Senator Clark, of Missouri, was moved to exclaim: "There has never been a more extensive assumption of power by Hitler or Mussolini than that."

When the advocates of full powers for the President are pressed, they reply that the dictatorship is "only temporary." But history records, and intelligent appraisal tells us, that such autocracy conceded in "emergency" never finds it practical to restore personal liberties.

So, our danger is not so much the probability of loss of freedom by a Hitler invasion; it is the danger of building up a Hitler system at home. The President himself warned us in 1936 that we had forged new instruments of public power which in improper hands would provide shackles for the liberties of the people. The additional powers now asked for raise the question: Why defend the dignity and freedom of the individual abroad at the risk of losing this priceless heritage at home? Has the Republic, staunch defender of its rights in other serious emergencies, lost its virility—and ideals?

What the people must protect and what they must face are for the most part within their own borders. The rallying cry should be: Defend liberty with the institutions and weapons of liberty, else it is not worth defending.

Meredith Thorpe

What store in your neighborhood draws the biggest crowds?

*2 to 1 it's a
store with a modern
front!*

THAT'S because people go out of their way to shop where a shining Pittco Front proclaims a modern, up-to-date business. Once a person sees a new Pittco Store Front, he remembers it! If he is in too much of a hurry to stop the first time he passes—chances are he will return and investigate. Remodel with a Pittco Front and see your store become a busy shopping center!

Merchants everywhere have found that a handsome Pittco Front encour-

ages patronage, helps develop wider trading areas. Find out how a new Pittco Front can help you do a thriving, profitable business. Send the coupon for our free store front book—filled with facts, figures and photographs of Pittco installations.

When you remodel, see your architect to assure an economical, well-planned job. Our staff of experts will gladly cooperate with him in planning a Pittco Front to suit your needs. Remember, you can use the Pittsburgh Time Payment Plan—just 20% down, and the balance in monthly payments.



↑ **CONTRAST** the welcoming appearance of this store in Richmond, Indiana, with the exterior of the same location before modernizing with a Pittco Store Front. Give your store this profit-making Pittco beauty treatment! Fallon and Milk, architects.

At the New York World's Fair, see the miniature Pittco Store Fronts in the Glass Center Building, and the full-size Pittco Fronts of the Avenue of Tomorrow in the Forward March of America Building.



PITTCO STORE FRONTS
PITTSBURGH PLATE GLASS COMPANY
"PITTSBURGH" stands for Quality Glass

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Please send me, without obligation, your new book entitled
"How to Get More Business."

Name.....

Street.....

City..... State.....

A Political Lesson in French

By NORTON WEBB

PRECEDING France's collapse was a swiftly moving series of closely-knit and vivid politico-economic events that are definitely related to the ill-equipment, shortages and eventual downfall of the French military establishment. This period was punctuated all through with the familiar theme of France's peculiar style of democracy featuring many political parties and groups ranging from extreme Right to extreme Left, all unable to agree or compromise enough for the common good.

These events began shaping early in 1935, when the stage was getting set in France for a new political experiment of wide proportions. The masses were disgruntled and complaining bitterly over generally bad business conditions. Since the war they had seen cabinet after cabinet fruitlessly try to adjust the paradox of an economy crippled by war, yet enriched through victory. None of them could balance the budget whose shortages were said to be due to state expenditures beyond the capacity of French economy and included enormous costs of the previous war, huge pension lists, big national defense budgets, an immense army of bureaucrats, socialistic taxes, and so on.

The May, 1935, elections were approaching. The Laval cabinet—the same Laval now vice premier in the Pétain set-up—had forced a severe deflationary program on the country and drastically cut the masses' purchasing power. With the franc overvalued, living standards reduced, and business stagnant, the people got ready to sweep reactionary conservatism out of the government.

The May elections put into power the coalition of Leftists known as the Popular Front, by the largest majority ever recorded in France. Heading it was the brilliant theorist and doctrinaire Marxian, Léon Blum, who became the first Socialist premier in French history. The coalition was made up of Radical-Socialists, Socialists and Communists representing the working masses, small *bourgeois* shopkeepers, small farmers, artisans and all called by the French "small" who oppose the

New waves of strikes and lockouts paralyzed French arms plants



● TRIAL of French political and military leaders by the newly created Supreme Court of Justice whets the world's lingering curiosity to know what really caused the downfall of France. The charges which will be aired in the fateful sessions at Riom are rooted in public policies which sapped the nation's economic strength, and operated in sum to defeat its armies before the onslaught of German might conclusively revealed the fatal deterioration of the country's productive resources. With the national economy in the stranglehold of restrictive legislation and administrative contradictions, drastic expediency could not save the day. As one group and another pushed political advantage for selfish ends, the toll of discrimination eventually became a burden as ominous as the enlarging shadow of foreign military encroachment. The collapse of France did not begin with Sedan. It originated, as Norton Webb here shows, with the political experimentation which began in 1935.

privileges of the "bigs," or powerful Right minority controlling French industry, commerce, finance, the influential press, and included the propertied classes like the remnant of France's nobility and high *bourgeoisie*.

The politico-economic ideologies of these two main sections of French life were as different as tropical heat from an Alaskan winter. The Left veered to

Marx and socialization. The Right to ultra-conservative capitalism.

The advent of an ardent Marxian, with a credo of class warfare and the abolition of capital, at the head of the French State stirred not only the French nation but Europe and the world at large. The most stunned were French industrialists, business and financial men of the Right. The sudden



The Popular Front program was political experimentation in the name of reform when the need was for an efficient military plan

realization that Marxian doctrines held French governmental reins frightened them into believing they faced an eventual overthrow of capital and private enterprise by gradual, confiscatory methods. The impact caused the Right hastily to adopt cautious, suspicious waiting.*

To impress the public with the power of the great "proletarian" victory at the polls—even before the formation of the Blum ministry, about 1,000,000 French workers in industrial plants staged what has since become known as a "sitdown" strike. Thousands of other workmen in hotels, restaurants, stores, theaters and such places followed suit. The powerful French Confederation of Labor threw its weight in to back up the *putsch*.

Under these steam-roller tactics, the Popular Front Government began shoving whole batches of Leftist reforms through Parliament at startling speed. In two months, from June to August, 1936, about 70 laws were enacted that shook traditional French economy to its foundations. These included an

*Of course collectivism, mostly in the shape of state capitalism, had made many inroads into French economy long before the Blum régime. When it assumed governmental power, the French state was already operating the telegraph, telephone and radio; had a monopoly on the manufacture and sale of powder, saltpeter, matches and tobacco; owned and operated two of France's six large railroads; mined all fertilizer products; controlled the petroleum trade, aviation and shipping by subsidies; was extensively in the electric power business; a stockholder in large banks; and granted loans through several government agencies; and through the Fund of Deposits and Consignments administered more than 80,000,000,000 francs for investment. This is only a partial list of state encroachments.

increase in wages of seven to 15 per cent; a 40-hour working week; compulsory annual vacations of not less than 15 days for all workers; collective bargaining agreements for labor; abolition of the Laval decrees making levies on salaries, pensions, etc., of civil servants, war veterans and others; nationalization of the arms industry; creation of a National Wheat Office to fix prices and enact other measures.

France tries reform by politics

OTHER important acts included a large public works program; credit insurance for commerce and industry; reorganization of the coal market; decrease of the debt load on small businesses; reform of social insurance.

France's New Deal, (Marxian style) resembled in many ways its American prototype. Its aim was improvement of the lot of the have-nots and immature laws were passed without much preliminary study of their suitability or consequences. The legislative, too, slid over to the executive tasks it ought to have performed itself.

Absorbed by big difficulties and problems posed by the French New Deal, the Popular Front gave insufficient heed to the need for quick action in arming and equipping the country to meet the very evident dangers now brewing across the Rhine. The bitter class clash it had provoked sidetracked urgent national emergency and preparedness needs.

The onward *putsch* of the masses and workers was so formidable that it took the Blum cabinet only a few days to revamp the statutes of the powerful Bank of France, make them legal, and so wrest the institution from its more than 100-year control by France's "200 oligarchic families." All French economic classes would, from now, sit around the directors' table and the Government hold most of the appointive power.

Blum's methods soon brought the cry of inflation from responsible French business circles who saw danger in his manipulation of French government bonds and novel dealings with the Bank of France to meet Treasury shortages. The Marxian premier's only answer was a sudden and quick devaluation of the franc by calling a special session of the French Parliament. This, as these operations always do, netted the Government a profit—in this case some 17,000,000,000 francs, 10,000,000,000 of which were used to create an Exchange Stabilization Fund which enabled the French to sign the famous tripartite monetary accord with the United States and Great Britain.

Step on the gas was again the by-word when the French Parliament regathered on November 5, 1936. More

(Continued on page 104)

Policies of the Popular Front Administration crippled France long before the Sedan break through





Railroads have ample capacity to take care of needs

EARLY in 1939, with the world still nominally at peace, the railroads of the United States told what they could do in the way of handling increased traffic.

"Statistically impossible," said those who focus their eyes upon the figures rather than the facts behind them.

But when the test came in the fall, with war in Europe, with frantic buying for the rise, and the usual fall increase in tonnage all combining to make freight traffic increase faster in a shorter period than it had ever done before, the railroads more than made good on their prophecy. They handled more loads than they said they could handle, did it without delay or congestion and, at the peak of the year's movement in October, 1939, had an average daily surplus of more than 60,000 serviceable cars.

Now, in 1940, the same railroad men who predicted what the roads could do in 1939 are making a new prophecy—that the railroads have ample line-haul and terminal capacity, and that, when and as they are needed, the cars and locomotives will be available to meet the needs of both commerce and national defense.

But, say the statistical soothsayers, that cannot be. It is not in accord with statistical suppositions based upon assumptions—and in this enlightened era of graphs and index-numbers what standing has a mere fact when it runs counter to the calculations of the slide-rule slippers?

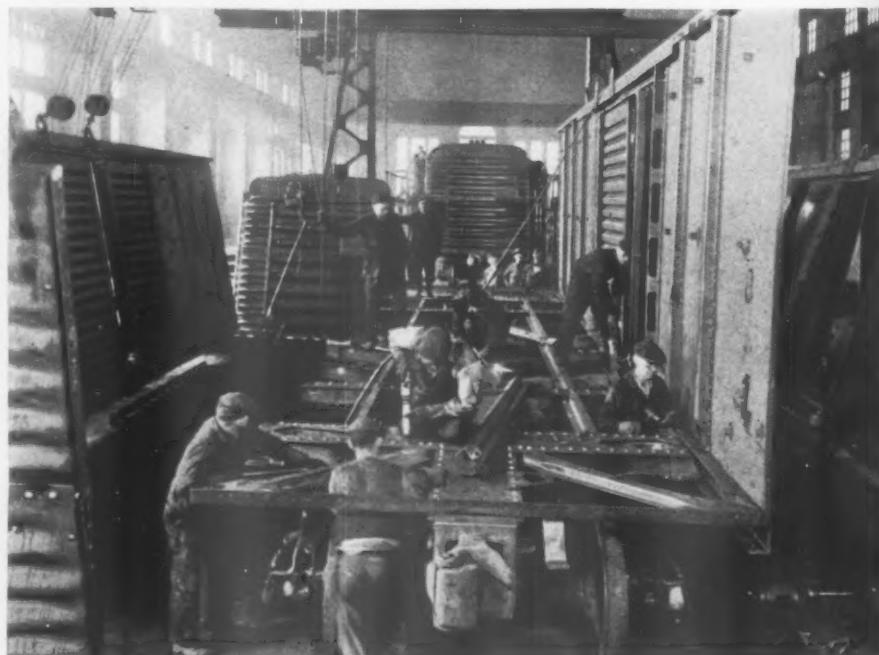
The statistical demonstration of railroad unreadiness runs about like this:

The railroads have fewer freight cars than they had in 1917, and fewer engines; many of

Railroads Are



Remember scenes like this when trainloads of conscripts headed for cantonments during the last war?



Freight cars are now built on assembly lines, much like automobiles. Here the underframe and one side are attached to trucks

Ready to Move the Defense Load

AGITATION for government operation of railroads is a familiar manifestation of war psychology. To reveal the carriers' ability to meet

possible emergency requirements, NATION'S BUSINESS asked a transportation expert to investigate and report



Engineman demonstrates one of many new experiments. He is receiving messages by short wave radio

the cars and engines they have are old; the railroads "broke down" in 1917, couldn't handle the tonnage, and the Government had to take them over. Q. E. D., the railroads can't do the job ahead of them.

The next step in that line of thought is that the Government ought to "do something" about it, the "something" ranging from forcible feeding of freight cars to reluctant railroads all the way to outright government ownership and operation.

Statistically there's nothing wrong with



Engineers make temperature readings on refrigerator cars to aid shippers



Cooperation between railroads, Government and shippers will result in cars being used for transportation and not as wheeled warehouses

the line of reasoning which leads to such results.

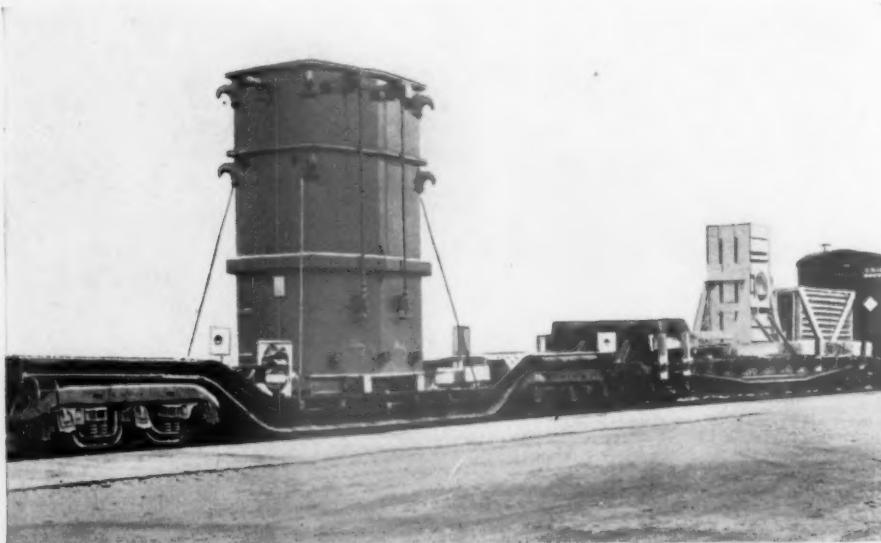
Factually, it is all wrong.

Statistically, it is true there are fewer cars than in 1917, but they are bigger and better cars, capable of better and more continuous service. There are fewer locomotives than in 1917, but they are nearly half again as powerful, on the average, while the gain in overall efficiency at higher speeds is even greater.

Right there, on the first two points, the statistics are all right as far as they go, but they don't touch on the larger and



Unloading tractors and 155 mm guns at Ft. Benning during recent army maneuvers when roads tested ability to handle army equipment



Among big moving jobs was this 18 foot transformer. Roads also handled 500,000 pounds of explosives last year without accident



As part of a study toward better refrigeration this thermometer in tomato is connected by cable to caboose where readings are made

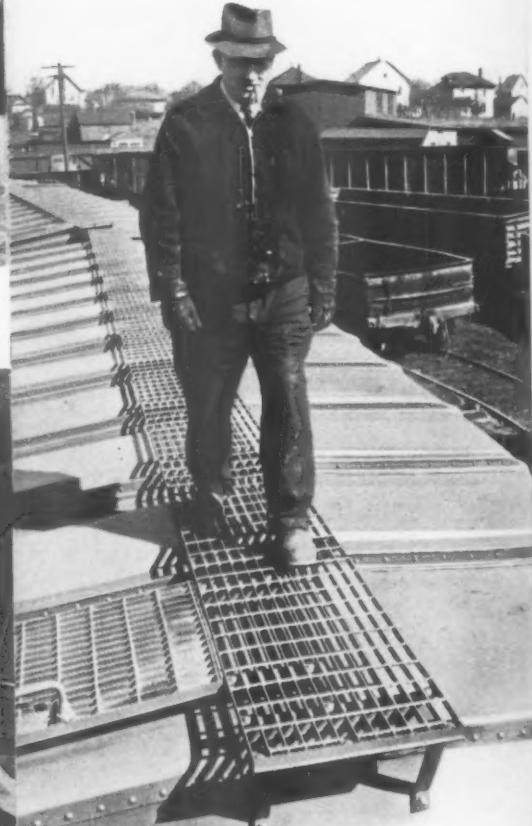
more important part of the story—the general change in railroad plant, equipment and methods.

Today's better cars and locomotives run on better tracks and through better terminals. They are protected by better signals. They are handled by better operating methods all along the line, with the result that today's freight train average speed is nearly two-thirds faster than that of the World War period. For each hour on the road, they turn out more than twice as much transportation service.

The next point in the purely statistical calculations of railroad capacity is the statement that many cars and locomotives are old. True—but it overlooks the fact that equipment properly maintained is an effective part of the plant, so far as capacity is concerned, regardless of age. The economy and efficiency of using such equipment is another question, one of judgment as to whether the way of economy is or is not to retire particular units of equipment and replace them with new.

That judgment must be based upon the actual physical condition of each unit under consideration, not upon some generalized statistical average. In making his decision, the railroad manager must have

(Continued on page 110)



Most of new cars are all steel, even the running boards

Defense Draws New Mark for Aliens to Toe

By HERBERT COREY

THE TRADITIONAL free-and-easy policy toward aliens has been stiffened. What the new registration requirement signifies is here revealed in terms of the business community's responsibility

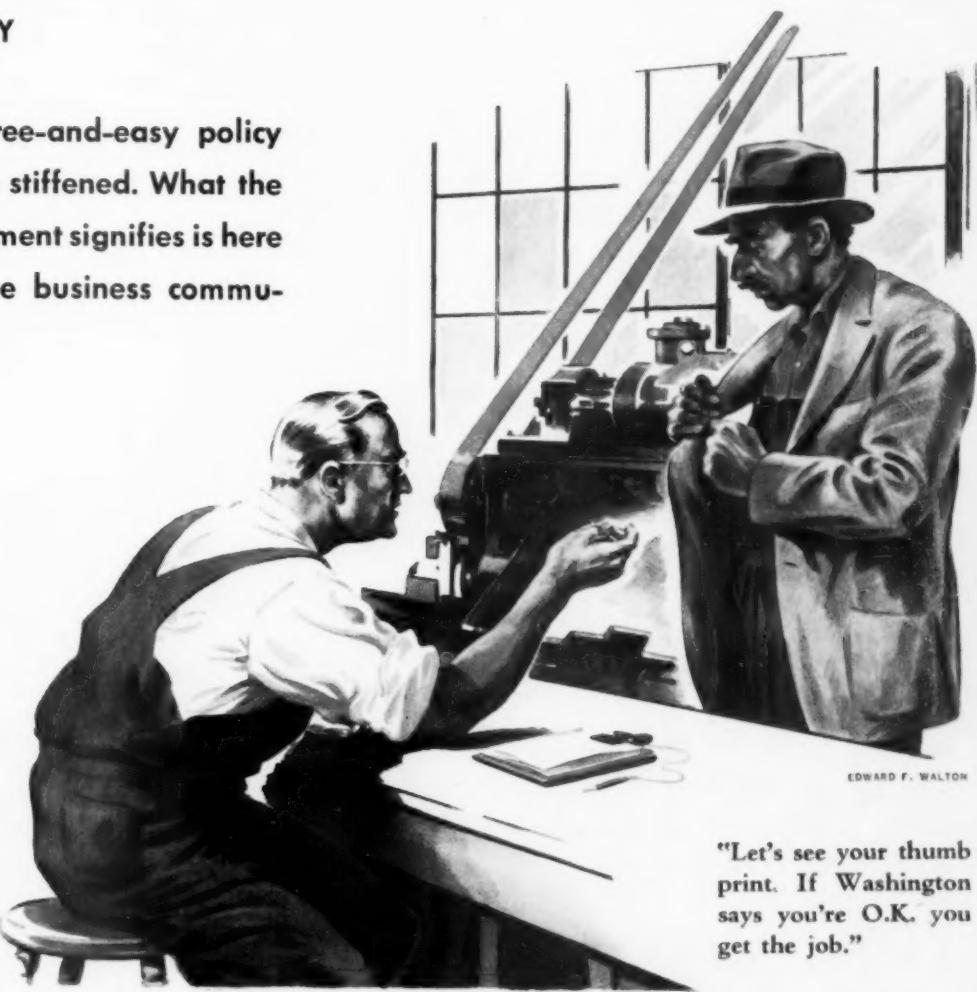
"LET'S SEE your thumb print" the hiring foreman will say. "And give me the number of your card. If Washington says you're o.k., you'll get the job."

If Washington does not say that Hans Sebitsky has been a good alien during his stay in this country he will not get the job. The temper of the United States has changed toward the hostile alien. The statutes have been changed likewise. All the official folk urge that the well behaved alien be made to feel that he is as welcome here as oranges on a Christmas tree. It would be unsportsmanlike for an employer to fire a good workman merely because he speaks with an accent, says Attorney General Jackson. An alien who is enthusiastically loyal to the United States may be made sullen and disloyal by the foolish or brutal words or acts of neighbors who have gone a little bit silly over the spy scare. But if the alien has been goose stepping along country roads or mixed up in rackets or arrested too often for offenses more serious than parking near a fire plug he will be caught in the Alien Round Up of 1940.

Then he cannot get a job in any industry or factory which is a part of the national defense program. The law as enacted is broad enough and the regulations are fool proof and cheat proof enough to keep him out. But if industry is careless enough to let alien rascals through the factory gates to put lead rivets in frameworks—remember the smash of the Army's dirigible a few years ago?—or scatter emery dust in bearings or set bombs in assembly lines there is not much that can be done about it.

Industry might remember the Black Tom disaster and others of the kind. Such exercises in mnemonics have their value.

There are other spies and saboteurs and trouble-makers beside the alien



EDWARD F. WALTON

"Let's see your thumb print. If Washington says you're O.K. you get the job."

ones, of course. Some of them are native-born. Some of the foreign born have been smart enough to get naturalized and can talk with legal support about "us Americans." But there are not many native-born spies, in the opinion of those who think they know. There is little reason for a hostile Government to pay a spy for information when the foreign Government's own consul can get all the information needed over the telephone. A few spies may be watching naval and military operations, but they are very few. If there are any, the chances are 50 to one that the spies have a perfect legal right to do whatever it is they are doing. In any case the intelligence services of the Army and Navy think they can guard any secret that is worth while guarding.

Spies are few in number

THEY say and believe that not even the secret of the bomb sight has leaked out. Yet if the European spies were worth their salt they should have been

able to find out about it. It's been advertised widely enough.

There is a distinct danger of sabotage by natives as well as by aliens in factories where work is being done for the defense program. But the Alien Round Up comes in at this point to strengthen the defenders' hands. In practically every instance of espionage or sabotage threads would run direct from the operator to some alien under suspicion. The new law will protect the well behaved alien but the trouble-maker will find himself in a position to get into trouble. He will be known to the various agencies of government by hair color, eye slant and thumb print. The history of his wife, his pastor, his favorite bartender and the man who works in his garage will have been inquired into. If he moves from house to house he must give notice within five days of the moving and if he does not give notice he is in dutch from that time on. The local police and the sheriff and the district attorney will be cooperating with the federal men in finding out everything about him. A misbehaving

alien is not Mother's Lamb any more.

At least—one learns to be cautious in writing about the federal Government—what seems to be a competent machine has been set up for de-lambing him.

This involves a complete change in the national conception of the "Melting Pot." Today it has been turned into a wasp-trap.

During the four months which began on August 27 every alien in this country must register at his post office. If he does not, he is headed straight for imprisonment plus a fine. Not many of the approximately 4,000,000 aliens would dare to take a chance on not registering. An unregistered man or woman would be at the mercy of every suspicious acquaintance, because if he is caught without the protection of

his thumb-printed card he is automatically found guilty. Those who do register will be required to give full information under 15 general heads which include something like 40 sub-queries. These queries were drafted after innumerable consultations with officials of the government attached to all interested departments. If they do not cover every phase of the alien's life, these officials do not know what has been left out.

Alien's activities will be checked

"IF WE catch him in a lie it will be too bad for him—too bad up to \$1,000 and six months."

Especial attention is given to the alien's social, police, and political activities. If he belongs to the Associated Sausage and Psalm club he may be asked to tell what the club is, where it is, names of its officials, and answer all the numberless questions the examining clerk can think of. The clerk will not be a political hack intent only on his *per diem*. The registering clerks are the aces of each local post office, and the duties from which they have been temporarily relieved will be performed

by drafts from the Civil Service lists.

The thumb printed registration cards will be forwarded to Washington to be checked by the F.B.I.'s more than 10,000,000 finger print record and then filed in a central bureau which is to be set up. Information gathered from the alien's finger prints "will be available only to persons approved by the Attorney General of the United States." That lets John Law in.

A further appropriation of approximately \$500,000 will be asked from Congress to set up this central bureau and buy the almost human card indexing machines by which a card carrying the history of an alien can be produced in something like 30 seconds. Emphasis is placed on the fact that the alien with a good record not only has nothing to fear from this finger-printing, but is actually protected by it. The alien with a criminal record will find himself on a spot. If he is caught for failing to register, his troubles will be multiplied.

"We do not believe that any alien can evade registration for more than a few months," say the officials. "Then we'll catch him."

The alien guilty of a deportable
(Continued on page 90)



The clerks who examine the aliens are not political hacks—they know their jobs



FAIRCHILD AERIAL PHOTO

For sale or lease. Owner has changed plans. Government will give up dream town projects

Another Social Experiment Goes Sour

By ED THORNHILL and FRED DeARMOND

SINCE Plato set the precedent with his "Republic," a favorite diversion of men has been the building of Utopias.

The old Greek revelled in a vision of a happy world where the healthy, educated and moral men married only women of like qualities and the unworthy consorted exclusively with their own type in the opposite sex. Sir Thomas More's country of Utopia was a land where nobody worked more than six hours a day and private property, even of the most personal nature, did not exist. Edward Bellamy looked ahead only a little more than a century and conjured up an America in which all men were to be brothers, and lies, unkindness and poverty unknown.

Just about a century ago James S. Buckingham, English Social Justice reformer and a former member of Parliament, published a plan for a model housing project. It was to be a com-

GREENBELT is only a symbol of federal resettlement and housing. It is an example of the waste and ineptitude that results when Government undertakes to do a job that should be done by private enterprise. Probably not even the worst example. Hightstown, or Jersey Homesteads, already is in process of liquidation, as Greenbelt soon will be. Its textile plant was sold recently at auction. Utopia, Inc. petitions for receivership. Thus passes another epic of paradise lost

munal town with the residents owning shares and working on adjoining farms and factories, all a part of the one community. Land, houses, factories, and materials were to be the property of the community. Cooking would be done communally. Medical and legal service would be rendered to every citizen without cost. Wages were to be paid

monthly in advance, with annuities to all retired residents.

In Buckingham's model town, each single person was to occupy one room; each married couple without children, two rooms; and each family with children would be assigned not less than three rooms. The plan called for a strict taboo on all intoxicating beverages.



Greenbelt's \$70,000 swimming pool provides part of an atmosphere more like a Long Island estate than a resettlement community



Elaborate recreation center which is available to residents makes Greenbelt's low-income tenants a privileged group

Several such experiments were made in England in the first half of the Nineteenth century. Over here we had Brook Farm, Robert Owen's New Harmony and others, all inglorious failures, in spite of the high hopes of their founders.

Announcement that the three model communities—Greenbelt, Greendale and Greenhills—would be turned over by the federal Government to some form of local ownership and control, as soon as a way can be found to get rid of them, seems to spell the end of another noble experiment in The Abundant Life. Unlike their predecessors of a hundred years ago, these Utopias were

creations of the Government. They were to demonstrate that only the State can provide homes and happiness for its subjects.

Greenbelt, as nearly everyone knows, is located in Washington's Maryland suburban area. Greendale is near Milwaukee and Greenhills is just outside Cincinnati. Greenbelt, the original, serves as a model for all three, and for 100 or more other housing projects initiated by the old Resettlement Administration, beginning in 1935 and including Arthurdale, Hightstown, Cumberland Homesteads, Osage Farms, etc. It was to be the New Deal in microcosm—an example of what a paternalistic gov-

ernment would do for the whole nation, if given time enough and sufficient levelling power.

The idea sprang from the fertile imagination of Prof. Rexford Tugwell, one-time Resettlement (later Farm Security) Administration head. The Professor has never been satisfied with our old-fashioned way of doing things, at least not since he toured Soviet Russia and came back home, his imagination fired by the idealism of Lenin and Stalin, to predict that "The future is becoming visible in Russia." Inspired by that preview of things to come in America, he too dreamed of a Utopia more radiant than any.

Greenbelt was to be a model sanctuary for the oppressed low-income city dweller, a new sort of community "protected by an encircling green belt," where the socialist idyll of communal living would be introduced in a transition form to individualistic America. Further, it was to be a demonstration of planned economy in contrast to haphazard natural evolution.

The story of Greenbelt's cost already has been told in NATION'S BUSINESS, and deserves only a brief recapitulation here. The original budget for housing 1,000 families was \$6,950,000. At the time of its completion, this figure had swelled to \$14,227,000, as reported by the Farm Security Administration. In April of this year, an F.S.A. official who appeared in hearings before the House Agriculture Committee gave the "development" cost as \$13,394,406. But in that same month the Treasurer of the United States reported to the Senate total expenditures on the Greenbelt project of \$15,073,079.

Plans failed to work out

EVEN the top figure does not include expenditure by other Government agencies such as W.P.A. and N.Y.A. If they were added to the Treasury figure, we probably would find that the taxpayers have sunk some \$16,000,000 in the experiment.

Work on the project got under way in 1935, in the expectation that living units would be ready for occupancy by September, 1936. But the plans failed to translate themselves into reality with the same ease that they had taken shape on paper. Various construction flaws developed. The exterior walls were found to be much too pervious to showers. They had to be waterproofed, as the first tenants didn't appreciate the privilege their children had of plying toy boats in the living rooms. Full occupancy was delayed 18 months. Regarded in terms of vulgar dollars and cents—as a private builder would have to regard it—that meant a loss to the taxpayers of 18 months' rent. At an average of \$30 a month each for 885 units, that would be \$478,000 down the drain.

In the meantime Professor Tugwell had renounced the pursuit of ideals and gone money-grubbing in the molasses business. But others took up the torch.

Naturally some of these annoying details became known. Captious Tories raised the question of cost as they are wont to do, being unsocial in their ways. To silence the critics, F.S.A. broke down costs into two categories, deducted \$4,902,000 as "surplus labor expenditures" (a lot of shovel leaning for one project!), \$284,000 for recoverable materials and \$643,000 for unused land reserves, bringing the total down from \$14,227,000 to only \$8,398,000. That would make the unit cost per family less than \$10,000, instead of the actual \$16,000. The average privately owned American urban home costs about one-third as much as a Greenbelt home.

At this point (1937) the apologists for Tugwell's Folly brought forward the alibi that their "primary purpose" all along had been to provide employment rather than to re-house underprivileged city dwellers. This point was repeated over and over. Paraphrasing Hamlet, "they do protest too much," said the skeptics.

But, if we grant that the primary purpose was to provide employment, is that a legitimate excuse for failing to

produce a reasonable value through the work provided? By Farm Security's admission, approximately \$5,000,000 of the labor expenditure was utterly wasted, with no value whatever left to show for it.

A waste of money

FOR all the results obtained by that "surplus" labor, the men might as well have carried rocks back and forth from one pile to another, as penal labor has sometimes been employed. As an example of public housing, Greenbelt started with this confession of failure: that with the money it took to re-house 885 families, at least 3,000 families could have been housed by private industry in similar quarters.

A private builder recently built 136

houses at Dundalk, Md., which sold at \$2,750, for the most part to employees of the Bethlehem Steel Co. They were built on 50 foot by 80 foot lots. Average income of the purchasers is \$1,600—the same as for Greenbelt. "On every count, the Dundalk subdivision has been a success," says *Architectural Forum*. The Arlington Village community in Arlington, Va., also a product of private enterprise, cost \$3,000 a unit exclusive of land, and the quality was sufficient to attract tenants whose average income is above \$3,000. The Buckingham development in Arlington houses 622 families at a cost of \$4,800 each.

The planners' specifications had called for housing 1,000 families. Included among the 885 living units com-

(Continued on page 107)



Few towns of 3,100, supported by local taxation, can boast \$200,000 artificial lakes. Swimming is precluded by drainage from the streets



Not an American Buddha, just a W.P.A. artist's conception

The store building (left) has never been occupied because lease to cooperative (right) forbids renting

No Business Can Escape Change

**As the weather cools,
business continues to
aid the customer**

1 • GREETING cards are now being made with a small bouquet of flowers inserted in a printed and die-cut vase. The flowers may be removed for use on lapel or as a small corsage.

2 • A FABRIC of silk or rayon waterproofed with a synthetic substitute for rubber is odorless, tasteless, contains no rubber or oil. It may be produced in clear white, deep tones, or pastel colors. It is soil-resistant and can be usually cleaned with a damp cloth. It is adaptable for raincoats, shower curtains, drapes, and other uses.

3 • A NEW ash tray for pipe smokers has a pipe knocker of resilient rubber, a rest for up to four pipes, a reamer which fits any size pipe, a tube for cleaners and a large bowl 7 1/4 inches in diameter.

4 • A NEW glareless lamp for desk or study uses polarized light. It is said to give greater contrast between print and paper and to make for easier seeing.

5 • A NEW style of filing folders is built to hang from slender steel frames fitted into the drawer instead of follower blocks. It is said that guides always remain even and that less time is used.

6 • FOR shop use there is now made a clean-up cart that functions like a dust pan on wheels. It has a bushel capacity, is mounted on ball-bearing rubber tired wheels. It is light in weight and easy to maneuver.

7 • A RUBBER tire for wheelbarrows now available is filled with a resilient cushioning rubber which is said to give the advantages of a pneumatic tire yet requires no inflation or servicing.

8 • A SIMPLE tow bar attaches to bumpers, makes the second car follow without a second driver. It has adjustments for differing heights of bumpers.

9 • REFLECTORS of a new type are ingeniously link-mounted so that they may be easily mounted to any surface for signs in any shape, even script. It may be fastened with tacks or screws.

10 • A CHLORINE compound just made available commercially by a domestic manufacturer is strong enough to bleach cotton, wood pulp and other cellulose fibers without attacking the fibers themselves. White Kraft paper and other products may result.

11 • FOR ultra-speed photography there is an electrical flash lamp that has an effective speed of 1/30,000 second. It is a gas-filled tube giving an extremely high volume of light which is yet comfortable to the eye. It is particularly useful for commercial, portrait, and technical fields.

12 • FOR fishermen a new hook for live bait has a short chain between the hook and the leader which may be looped around the bait for better holding.

13 • A NEW portable charger for automobile batteries will give a booster charge in one-half to two hours at a rate of 20 or 40 amperes without removing the battery from the car.

14 • CONCENTRATED tea is now available in paper folders which simplify tea-making. Pouring boiling water over them in the cup makes tea instantly of a constant strength. Iced tea making is simplified, too.

15 • AN ELECTRIC razor is now made with a hollow-ground shearing head to arch the skin and make the whiskers stand up to be cut off.

16 • SCIENCE now comes to the aid of little girls by producing a light-weight doll made of plastics. The head is a hard injection-molded plastic; the body and limbs are of a soft, flesh colored plastic stuffed with air-blown kapok and molded in one piece.

17 • A DEODORANT chemical block for use in flush tanks of toilets releases nascent oxygen slowly over a period of three to four weeks. Odorless itself, it kills both odors and fungus, is non-injurious to fixtures.



18 • A NEW lamp for readers in bed is designed attractively to fit many decorative schemes and to give a shielded, diffused, and directed light for more comfortable reading.

19 • FOR removing printer's ink and grease from hands there is a solvent which works by rubbing as a watery paste and rinsing. It contains no alkali and leaves the hands soft and clean.

20 • A NEW photographic identification unit just developed produces a photographic print which includes signature and other information unalterably on the same paper. It operates economically, includes its own darkroom and equipment.

21 • FOR photographers there is now made a paper which gives a large number of contrasts with the same grade of paper. Variations of color of printing light, which is easy with simple filters, gives the desired control.

22 • A NEW patch for mending torn pages, blueprints, and tracings is transparent and does not have an adhesive that remains tacky. Lack of stickiness gives many advantages.

23 • A CORE bit of new design has the crown consisting of a hard matrix impregnated with bort diamonds so that resetting is not necessary. Refinishing, if needed, is done in a few minutes by sandblasting.

24 • TO KEEP memo sheets on a desk there is a small case which delivers a sheet to your fingers when wanted.

—W. L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

NATION'S BUSINESS for October, 1940

What Wendell Willkie Believes:



SINCE his spectacular rise to party leadership, the business community has been much concerned to know the direction of Mr. Willkie's thinking on matters of public policy affecting the relations of business and government and the practice of citizenship. Consistent with the precedent established several years ago in expositions of the views held by Mr. Hoover and Mr. Roosevelt in their characters as presidential candidates, NATION'S BUSINESS has looked into the writings, speeches, and testimony contributed by Mr. Willkie as a vigorous and forthright champion of free enterprise before he was seriously considered as a presidential candidate. Varied and voluminous though the textual record is, it is distinguished throughout by concepts revealed so persistently that they invite acceptance as basic principles. That the reader may be in position to assess these fundamentals in terms of personal values, they are presented without editorial comment or interpolation.



A Business Man is a Working Man

DON'T LET a politician ever tell you that a business man is a fat, white-vested individual with a top hat, sitting in a mahogany office, inherited from his father, and exercising a mysterious power over his fellow men. That myth is salty. By and large, business men are men who started to work at wages that were less than relief payments are today. They became business leaders because they worked hard enough and intelligently enough to rise to positions of responsibility and trust. They are, as a class, simple, sincere, and ardently patriotic. They constitute the most potentially constructive force in America. Of course there have been exceptions—men who have proved to be a discredit to business just as there are men who have proved to be a discredit to religion—or men who have been a discredit to politics.

No wise person lashes at the Church or seeks to condemn all ministers for the moral dereliction of a few. Likewise, from time to time we have discovered dishonesty in government, yet no one would issue a blanket condemnation of government officials for that reason, or seek to abolish Congress every time it did an unwise thing.

RADIO SPEECH—April 15, 1936

Government Management of Private Industry Creates More Politicians

DOES any resident of this City of New York need be reminded of the vast political power that comes through the organization of employees of publicly owned operations? If, in this country in which the rotation in office is one of the fundamental political beliefs, utilities become publicly operated there will be created a political organization entrenched in every community throughout the country, the power of which will be used, not alone for the advancement of the project itself, but for the personal and political advancement of those in control.

SPEECH—Economic Club
New York, January 21, 1935

Bureaucracy is Arrogant

WE ALL KNOW that any public government service, no matter with what zeal or humility its leaders may desire otherwise, tends to become arrogant, truculent and arbitrary in its attitude toward those it serves. The "I issued the order—it must be obeyed" attitude is the inevitable accompaniment of bureaucracy and the vesting of independent power in the hands of public officials.

SPEECH—Economic Club
New York, January 21, 1935

Government Competition is Ruthless

SUBSIDIZED government competition established in one industry threatens all industry. If it is my baby that's hurt now, it may be your baby later. Those who wish to prevent government invasion of their business had better begin to preach the doctrine now. At the same time I might as well warn you what will happen to you if you do. From personal experience I know very well what happens to those individuals who defend their causes against government attack. You may, for example, have your income tax examined several times with a magnifying glass. You may be called an economic royalist. You may be chastized in official speeches. You may be called down to Washington to be questioned as to your personal affairs. You may have your name dragged into political investigations by legislative committees of this or that state. You may suffer and your families may suffer by having your reputation smeared with the mud of false insinuation. All of this may happen to you, and I can assure you that it is not pleasant. But isn't the risk worth it when you consider what is at stake? Isn't the personal discomfort and annoyance a far less important thing than the preservation of the free enterprise which has been responsible for the extraordinarily high level of the American civilization?

SPEECH—Detroit Economic Club
February 28, 1938



MR. BIDDLE. You can go ahead and take land for your poles, can't you, by filing a bond?

MR. WILLKIE. By filing a bond, yes.

MR. BIDDLE. Do you think that the T.V.A. ought to or that the Government should file a bond?

MR. WILLKIE. Is the T.V.A. the United States Government? I have heard you refer to it—

MR. BIDDLE. It is a portion of the Government.

MR. WILLKIE. It certainly acts like it.

MR. BIDDLE. It acts like the Government?

MR. WILLKIE. Yes.

MR. BIDDLE. In what way, Mr. Willkie, that is an interesting—

MR. WILLKIE. Just riding over everybody's rights.

T.V.A. HEARINGS—November, 1938

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MR. WILLKIE. I have always had a belief that, despite the activities of some agencies of the federal Government, this great Government of ours would not destroy finally the property of investors. Maybe that is a forlorn hope, but I hold to that belief, and I come here as I go every place I can to try to get a fair method to determine the value of that property. It seems inconceivable to me that the federal Government will ever finally do that.

T.V.A. HEARINGS—November, 1938

Reasonable Regulation is Effective

MR. WILLKIE. I would say if the local commissions at any time wanted to call upon the Federal Power Commission, if they find themselves inadequate or unable to regulate such power that they shall have the power to call upon the Federal Power Commission to join with them in the regulation.

MR. BULWINKLE. Whenever they deem necessary?

MR. WILLKIE. Whenever they deem necessary. It will do two things. You will get as effective regulation. You will retain the power in the states, and you will not build up in Washington another defenseless federal bureaucracy that wants to check all of these things. And, I do not say that in any disrespect of any of these commissions. They are all able men and do their work well.

CONGRESSIONAL HEARINGS
March, 1935

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MR. WILLKIE. Well, Mr. Mapes, on that I would ask this, and I ask it with all the earnestness I know how to ask it, whatever you gentlemen decide to do with us, establish the rules. Do not leave wide discretion in such matters with the federal commission, because there is nothing so tyrannical as a commission with wide discretion about such matters. If you determine it should be done, then establish the rules for us.

CONGRESSIONAL HEARINGS
March, 1935

Government Operations Should Be Regulated Too

IS IT NOT reasonable to suggest, when we view either the reactions of human nature or look at the precepts of history, that moderation and limitation and checks and regulation are required equally for government as for its citizens, and that if government is to embark on untried adventures, chart a new course and engage in competition with the or-

ganizations and institutions of its citizens, its agencies should be subjected to the same or companion regulation? Certainly government should not avail itself of these resources against which it, itself, has inveighed.

SPEECH—New York Economic Club
January 21, 1935

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IN MY OPINION, excessive power in the hands of the big corporations is an evil. But it is no more of an evil than excessive power in the hands of big government. The American faith is opposed to excessive power in anybody's hands. We, the people, wish to keep the control to ourselves.

SPEECH—Wooster College
January 29, 1940

Political Power Worse Than Any Evils of Private Profit

NO ONE doubts that sin exists, that greed and injustice have deep roots in the dispositions of morally immature men, and that social control is necessary in industrial and even in ecclesiastical organizations in order to protect us from these dangers. But most decidedly governments as well as individuals are to be numbered among the sinners and self-seekers. This program of reform as well as others now pending before Congress seems to be dominated by the incredible superstition that government is exempt from the moral frailty of individuals, and that industry will be cured of its ills once bureaucrats take charge of it. What record of historical experience supports such a belief? Is it a reasoned principle or an ecstatic credulity? This anyhow must be admitted, that the immense enterprises to be handed over to bureaucrats were not created by bureaucrats. And I leave it to the students of social history to decide whether the evils of excessive profit seeking in industry are not more easily curable than the evils of excessive power-seeking in government.

SPEECH—United States Chamber of Commerce. May 1, 1935

Remedy for Government Competition is at Polls

THE REAL REMEDY for the protection of business against industrial government competition must be found in some method of electing legislators and administrators who feel a sense of responsibility to the business leaders and business workers who are creating the real wealth of the country. If it could once be got across to the electorate, that their own welfare is directly dependent, not on business-baiting, but on the furtherance of the carrying on of production business, there would be some hope of having a government friendly to business.

SAVINGS BANK JOURNAL
April 1, 1939

Good Salaries Create Ambition

MR. WILLKIE. . . . Now, Mr. Chairman, may I say something about salaries? In my judgment a reasonable salary is the only hope for the average enterprising, ambitious American young man. I think that is one of the things which we overlook. It is the thing which keeps them interested, which makes them ambitious and wanting to get on in the world. Who are drawing these salaries? It is not the rich men who draw salaries. It is men like me, and I am not a rich man. I am receiving the highest salary of any executive in the Commonwealth & Southern system, but that is because I am president of the corporation and I have got to draw the largest salary.

The salaries which are paid in these advance positions hold out the hope to the American young man, the man who comes out of college, and the men that we want to get into our organization. What is the hope in life for them? They

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TYPICAL among new Burroughs time-saving developments is this low-cost desk bookkeeping machine with "word keys" for printing one-word descriptions.

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hope that they may be able to reach a higher position where they can earn a more reasonable salary. As I say, it is not the rich men who draw salaries.

CONGRESSIONAL HEARINGS
March, 1935

★ ★ ★ ★

AMERICA became economically great because she encouraged the man with the idea, the man with the money to develop it, and the executive to manage the enterprise.

NATION'S BUSINESS
June, 1939

What Hurts Big Business Hurts Small Business

THE FACT of the matter is that small business and big business prosper under exactly the same conditions, and the conditions that are harmful to one are harmful to the other. In fact, small business suffers more acutely from such things as heavy taxation, government hostility, and timidity of investment, because it has no reserves with which to preserve itself in time of adversity. Big business supplies a market to small business not only by buying its products but by stimulating the general market; moreover, it furnishes small business with low cost materials and supplies. The two are dependent, one upon the other. When we say that American industry is prosperous, we mean that the small businesses of America, which comprise the larger part of our industry, are prosperous.

Also, it seems a little ironical for government officials to be lecturing big business on the desirability of low price and large volume because this was the technique which was developed and made possible only by mass production and distribution under the leadership of big business.

RADIO DEBATE with Robert Jackson
January, 1938

Economic Forces Are More Powerful Than Any Government

THE CHIEF REASON why government officials and business men fail to understand each other is because one thinks and speaks the language of politics and emotionalism, while the other thinks and speaks the language of economics and realism. One thinks economic forces can be controlled by politics while the other realizes that economic forces are more powerful than either government or business.

EDISON ELECTRIC INSTITUTE BULLETIN
January, 1938

★ ★ ★ ★

BUILD your future upon economics and not upon politics and, as soon as the economic forces begin to operate upward, this area will have a prosperity such as it has never heretofore known. Whatever may be your choice, for your own protection arrive at your conclusions calmly, deliberately, uninfluenced by hysteria and prejudicial argument, for I think you will agree with me that every course taken during the past 20 years in this country through mass emotion and hysteria has proven to be a mistake.

SPEECH—Birmingham Rotary Club
November, 1934

Cooperation Between Government and Business is Necessary

FOR MANY YEARS there has been a tendency on the part of both business and Government to regard each other with suspicion. The business group scoffed at the politician be-

NATION'S BUSINESS for October, 1940

cause "he never had to meet a pay roll"; the politician scoffed at the business man because "he never had to get votes." This distrust has varied in intensity at different times. Significantly, the country has always been most prosperous when the hostility was least.

PRINTERS' INK
March 2, 1939

★ ★ ★ ★

PERSONALLY, I think that the Administration has been right in many of the social and economic proposals which it has put into effect. For one thing, our industrial activities and our social needs have outgrown regulation by states alone. The New Deal has wisely realized that the increasing national and international operations of American business have created a need for federal economic laws. The New Deal has realized that conditions of poverty and insecurity beyond the power of the states to handle have created the need for social legislation in Washington. But industry—in many cases, it is true, enlightened by the New Deal philosophy—industry also, has realized the need, and the attitude of industry today toward the Government's program is no longer "How can we fight this law?" but "How can we make it workable?" Those in government should welcome this attitude and seek to cooperate with it.

SPEECH—New York Herald-Tribune Forum
October, 1938

Today's Liberal Fights "Big Government"

WHEN I was a young man, the fight of the liberals was against the domination of the people by Big Business. The political influence of the corporation was the tyranny which had to be overcome. Today the liberal fight is still going on, but the character of the tyranny has changed. Today the liberal is fighting against the domination of the people by Big Government. The fight on behalf of this liberalism in our time has become all the more important because liberalism has been lost in perhaps half the world's territory.

We are apt to associate liberalism too much with freedom of speech and freedom of worship and not sufficiently with freedom of work. We have passed a great many laws regulating business and enormously extended our bureaucracy. But, despite the many bureaus created in Washington, the American economic system is essentially free.

PRINTERS' INK
March 2, 1939

Liberals Are Not Haters

JUST as the true liberals of the world have a common purpose, so they have a common quality. That quality is love of humankind. The true liberal does not fight for a cause because of a desire to punish those who have a different way of looking at things and doing things. Instead, the true liberal fights for a cause which he feels will be of as much value to his opponents as to himself. The dictator who has his opposition shot in order to put through any number of liberal laws, for example, can hardly claim the title of liberal.

SATURDAY EVENING POST
December 30, 1939

Liberals Are Opposed to Excessive Power

THOSE who call themselves liberals, who believe in an increase in anybody's power, whether that person be in industry or in government, are taking a great and valuable word in vain. Far from being liberal, the persons who try to solve their problems by concentrating power in the hands of a single individual, or in the hands of a group around a single individual, in Washington, in Wall Street, or anywhere else, are really reactionaries.

The liberal will admit that, owing to inequalities in inheritance and environment, men who are equal in the eyes

Four questions people ask about life insurance dividends

1. What is a dividend?

In a mutual company such as Metropolitan, the premium paid by the policyholder is fixed at an amount somewhat greater than the company expects will be needed under normal conditions to pay for the cost of furnishing the insurance. This is a safety measure, in order to make sure that the company has on hand at all times sufficient funds to cover any unforeseen contingencies that may arise.

The policyholder receives back, in the form of dividends, such amounts as past experience and present conditions indicate are not needed for the current cost of insurance or for the maintenance of the necessary reserve funds which assure payment of future policy obligations. Dividends are not usually available, of course, in the very early policy years.

2. How are dividends arrived at?

After premiums and interest from investments have been credited . . . after payments to policyholders and beneficiaries, and expenses, have been met . . . after the reserve which is required by law to insure the payment of future obligations has been set aside . . . and after provision has been made for an extra safety fund (the maximum of which is limited by law) . . . any funds remaining are available for dividends. The company apportions and distributes these funds to individual policyholders in such a manner that the dividend on each policy represents the refund due on that policy for the particular year.

3. Why do dividends sometimes fluctuate from year to year?

When you read the answer to this question, you may wonder why dividends don't fluctuate more!

The actual cost of life insurance depends primarily on three factors: the claim



Every day, hundreds of policyholders consult Metropolitan agents for services or information concerning their Metropolitan policies. Frequently the questions they ask have to do with dividends.

rate among the policyholders, the interest earned, and the running expense of the company. Any material change in any of these factors may increase or may lower the actual cost of insurance.

For instance, when a life insurance company receives less in interest, insurance must cost more than it otherwise would. During the last ten years, there has been a substantial decline in interest income on most forms of investments available to life insurance companies. The savings resulting from a lower death rate and Metropolitan's slightly lower expense rates (except for taxes) have not been sufficient

to offset such reductions in interest earnings.

As a result, the amount available for dividends, during the period of declining interest rates, has been reduced.

4. In what manner may I use my dividend?

If you own an Ordinary life insurance policy in Metropolitan, you may use your dividend in any one of four ways.

(a) You can receive your dividend in cash.

(b) You can apply your dividend toward the payment of premiums.

(c) Except in the case of Term insurance, you can use your dividend to purchase additional paid-up life insurance. Any such insurance, purchased in this manner, will be added to the face amount which your present policy will have at death or upon maturity.

(d) You can leave dividends with the Company to accumulate interest.

It is not feasible, of course, to make all of the above options available for Industrial or Group policies.

No matter how you elect to use your dividends, the final result is this: dividends reduce the amount you pay for your life insurance to the actual cost of providing it.

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This is Number 30 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements in this series will be mailed upon request.

Metropolitan Life Insurance Company (A MUTUAL COMPANY)

Frederick H. Ecker, CHAIRMAN OF THE BOARD

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1 MADISON AVENUE, NEW YORK, N. Y.



of the law, are not equal in fact. Some men living under a liberal system will therefore become richer than other men. The liberal is realistic enough to realize that, while poverty as it was known in the past may be eliminated, wealth cannot be distributed equally at all. So long as men have freedom, such equal distribution is patently impossible; it is only by curtailing the freedom of the able man that equality of wealth could be achieved. But, on the other hand, it is perfectly clear to the liberal that a man who is deprived of any wealth, or any resource or any means of obtaining a living, is to all intents and purposes deprived of liberty. And since liberty is the thing he sets out to get in the first place, the liberal is dismayed by the existence in his system of such persons. It is to him a horrible fact, which must somehow be corrected.

SPEECH—San Francisco Commonwealth Club
March, 1940

Freedom Has Practical Value

FREEDOM means that, if you run a store, you can sell your products to anybody without a government official telling you what the prices must be. It means that, if you are a professor in a university, you don't have to alter science or delete history as a bureaucrat prescribes. If you own a newspaper, you don't limit your editorial opinions to what an official censor approves. If you are a laborer, you can leave your job when you feel so inclined for any other job you prefer; you can join a union or not, as you please; you can bargain collectively with your fellow-workers on the conditions of your work. If you think that taxes are too high, you can vote against those officials you think responsible. And there is no limitation upon your inherent American right to criticize anybody, anywhere, at any time.

NORTH AMERICAN REVIEW
1939

War Menaces Freedom

THE PRESENT CONFLICT in Europe is perilous to this freedom because, in a modern war, people destroy the very things they say they are fighting for. It is because we wish to preserve our free democratic system that we must remain at peace. But we cannot remain *carelessly* at peace. If the price of democracy in ordinary times is eternal vigilance, in a war-period that vigilance must be doubled.

In a critical time there is always a temptation to surrender the responsibilities of a free citizen, to say to the government: "During this emergency you take charge. You tell us what to do, what to think. You fix prices and production, control the press and the radio." But if we should yield to this temptation, the end of our free democratic system might come as readily in peace as in war. Once these responsibilities of citizenship are given up, they are not readily returned. Government, after all, in its practical working, consists only of aggregations of men; and men, having tasted power or having found a means by which to put their social theories into effect, do not easily surrender power. We must not be misled because suggested restrictions are for humanitarian purposes.

NORTH AMERICAN REVIEW
1939

Nature of Taxes Even More Dangerous Than the Amount

IT IS NOT ONLY the amount of taxation which is harmful; it is the kind of tax. The present tax program penalizes the venture capital which makes it possible to expand established industries and to start new ones. For example, it places a special tax on capital gains. Whenever you happen to make a profit, you have to pay a large tax on it; whereas when you lose, you may deduct only a proportion of your losses from your income for tax purposes. At the present time, those who invest their capital to expand and develop enterprises will lose more often than they win. In

1936, 189,000 corporations reported a profit to the Government, while 227,000 reported a loss. Naturally, those who have such risk capital to invest have no particular incentive to take a chance with it so they invest it in tax-exempt Government securities which help us very little in our recovery program.

This is the wrong theory of taxation. It punishes the enterprising investor and rewards him who prefers to play safe. It would be more intelligent to tax the frozen capital, not the productive money. In other words, let us eliminate the tax-exemption now granted to local governmental securities, and in the capital gain tax let us at least give the same weight to losses as we give to gains; and let us not make the income tax so high that the men whose money we want to use in business prefer not to take the risk.

SPEECH—San Francisco Commonwealth Club
March 15, 1940

S.E.C. and Social Security Need Adjustments

THERE is no general disagreement as to the principles of the social legislation which has been put upon the statute books in recent years. Time has revealed both the virtues and the weaknesses of these laws. The proposal now is simply one of eliminating the weaknesses; of modifying those restrictions upon the buying and selling of securities that hamper the investment of funds; of readjusting the Social Security Act to a pay-as-you-go basis, so that the money paid by the people for social security is used only for that purpose; of protecting the rights of both capital and labor in the promotion of collective bargaining; of getting rid of intermediate holding companies in the utility industry without declaring a "death sentence" upon all of them.

RADIO DEBATE with Robert Jackson
January 6, 1938

Capital Must Be Allowed to Flow Freely

CAN WE cause our great reservoir of free capital to flow into the channels of industry under a democracy? If we can, our democratic system will be preserved. If we cannot, then our democracy will vanish in the chaos of national bankruptcy through a continually rising, unbalanced federal budget, or through its overthrow by those unsupplied with the necessities of life.

The answer under our democratic system is for government to get off the back of the people's industry with its unscientific method of taxation; its arbitrary and capricious regulations and controls; its wasteful—extravagant and competitive public expenditures; and its constant attack and harassment of business; and when peace returns in Europe, our Government should re-establish as rapidly as possible, our foreign trade through international trade agreements and through encouragement of our own shipping industry.

SPEECH—San Francisco Commonwealth Club
March 15, 1940

Willkiegrams:

Nobody works for nothing.

Government ownership is management without responsibility for mistakes that may be committed.

Courts settle questions, but they do not dispose of problems.

A liberalism which has its roots in hatred bears the fruit of tyranny.

I believe in America because we set no limit to a man's achievements—in mine, factory, field, or service in business or the arts, an able man, regardless of class or creed, can realize his ambition.

The problem of the liberal is to increase freedom. This is the problem that faced our forefathers, and the way they solved it was by limiting everybody's power.

YOUR AUTOMOBILE and FREE ENTERPRISE



R. E. NESMITH

**AN EXAMINATION of the reasons for the
growth of the American motor industry together
with an interpretation of relevant developments
now shaping in the field of public policy**

Road Sign for America: Turn Right!

ASK ANY business man just what he means by the American system, by free enterprise, and he is hard put for an answer. Ask him to define capitalism and he flounders. The Encyclopedia begins its definition by admitting "there is no satisfactory definition."

Yet these same business men believe in, and most of them are fighting for, the American way of free enterprise. A sixth sense tells them that capitalism, with all its faults, has proved to be the most practical benefactor of the human race.

What is needed is an example, or, as the Bible says, "a sign." What is needed is a homely example, familiar to all, which shows capitalism at work.

There is perhaps no better application of free enterprise than the automobile. Its amazing development came in the lifetime of most of us. Why has it become available to practically every citizen in the United States and but to a limited few in the other 59 countries of the world? They discovered its secrets. They had the "jump" on us. They had the natural resources, the mechanics, the latent longing for individual transportation. What is the answer?

The answer is found in a state of mind which produced a system by which men were free to explore, to adventure, to take risks, to stumble, fall and rise again. They were free to persuade friends and strangers to join with them, by pooling their savings, either as partners or lenders, sharing the risk of loss or gain on the venture, and with a minimum of State interference. They were free to fulfil the obligations of management because this freedom gave responsibility the accompanying authority, authority to deal with plant locations, with employment, markets, distribution, services and selling. In their flanks was always the spur of competition, a sterner master than laws or regulations.

But, more important was the freedom of the

customer who by his purchases voted his approval of policies, practices and performances which suited his needs and preferences. Likewise, he voted, not biennially in November, but every hour of the day his disapproval by not buying that which failed to measure up to the standards set by the customer himself. Nor was this free election by customers alone. The worker elected the plant in which he chose to work. The investor advanced or withheld his savings from an enterprise. Dealers elected which car they would offer to their friends and customers. Such choice in the mass determined the course of the industry. Here is pure democracy in direct action. Here is capitalism at its best.

It would be carrying beer to Milwaukee, collars to Troy or cameras to Rochester to chronicle the benefits this industry, so conducted, has bestowed upon the average man. It found him shackled to his front porch and made him master of time and space, a citizen of a larger world.

To a greater or lesser degree this application of the American free enterprise system, the American adaptation of capitalism, could be made to a hundred other industries. There is steel and ice and oil and coal with its 1,000 by-products; there is radio and the washing-machine and the harvester; there is power and light, the bakery, the can of soup—and the list goes on and on and on.

The issue is clear today: Shall we preserve the state of mind which sires freedom of enterprise, or shall we, in a period of temporary discouragement and doubt, adopt State capitalism, a system which, since the beginning of time, has produced only disillusionment, incentiveless toil relieved only by the social sprees of wars of aggression and revolution.

Is America on a dead-end street or is there a turn to the right that leads to the broad highway? This article, eighth of a series on the Free Enterprise System, suggests the answer.

Your AUTOMOBILE and FREE ENTERPRISE

Planning will necessarily become a function of the federal Government. . . . Business will logically be required to disappear.

This is not an overstatement for the sake of emphasis; it is literally meant. The essence of business is its free venture for profits in an unregu-

lated economy. Planning implies guidance of capital uses. . . . New industries will not just happen as the automobile industry did; they will have to be foreseen, to be argued for, or seem probably desirable features of the whole economy before they can be entered upon.

PROF. REXFORD GUY TUGWELL, in a 1932 address in which, curiously enough, he outlined the policy we have been pursuing

THE FIRST AUTOMOBILE was called an Aeolopile. It was operated by steam and was owned by Hero of Alexander in 130 B. C. Impatient motorists sometimes believe that this is the car that is ahead of them on a crowded road but this is not the case. Hero's machine was lost in the dusts of antiquity and the world gave little thought to motoring for 1,300 years. Roger Bacon, who died in 1294, revived interest in the subject briefly when he prophesied that "it will be possible to construct chariots so that without animals they may be moved with incalculable speed."

Three hundred years later, in 1619, Ramsey and Wildgoose actually applied for an English patent for "drawing cars without horses," and, in 1769, Capt. Nicholas Joseph Cugnot designed a steam tractor which he visualized as changing the world's history by moving artillery rapidly from place to place. The machine had a single front wheel, spiked to give it traction. A steam boiler which looked like a teakettle hung out in front. The body and rear wheels were those of a lumber wagon.

This hybrid equipage made three miles an hour on its first test. On the second, it upset and Cugnot escaped the wrath of the Ministry which had financed the experiments by a hasty exit into exile.

In 1789 Oliver Evans, of Delaware, received the first American patent covering a "self-propelled carriage." It is said that he was moved to take this step as the result of a dream and his ensuing experiments gave forth a 21-ton nightmare which he called an Orukter Amphibolis. It was actually a wheeled flatboat with a steam engine in the body and a paddle wheel trailing astern. Moving with equal facility by land or water, this startling visitation disturbed the staid peace of Philadelphia for a little while in 1804, inspired an oil painting which hangs today in the Smithsonian Institution in Washington, and passed into obscurity.

Its builder's genius caused little stir in this country. European scientists, however, studied his drawings, improved them and, by 1821, steam buses were transporting passengers in England.

Putting overalls on savings

Savings may be buried in a napkin or put to use. We voluntarily pool these savings and lend them (by buying bonds) to a group of men who employ them in some productive enterprise—an electric light plant, a department store, an oil well. Or we may prefer (by buying stock) to go into partnership in the enterprise. If we place these savings in insurance, the company in turn places them likewise in productive enterprises. Similarly, if we place them on deposit in banks or in building and loan associations, such enterprises keep not only our savings at work, but since they are productive—that is, keep constantly at work—provide continuous employment for men.

When the State takes these savings by taxation and spends them on productive enterprises, we have State capitalism. When the State spends them on non-productive enterprises, on overhead, on boondoggling, the amount left for productive enterprises is less. When profits—savings—dwindle because of business stagnation, and the State continues its levy, there comes a time when there is nothing left for productive enterprise. The State might collect more, borrow and commit future savings, and spend. If it spends on productive enterprise, power plants, factories, or provides banking and mortgage facilities, it competes with the source of its revenue and ultimately dries it up, the while preventing the creation of and development of new fields of business activity.

—*"The American Spirit"*

Looking ahead

Over a period of years the Government will gradually come to own most of the productive plants in the United States.

—Adolf A. Berle, Assistant Secretary of State, before the T.N.E.C.

"It won't work"

We may speculate as to what might have been the attitude of a National Planning Board in 1900, if one had existed at that time, toward the automobile and petroleum industries. There were then in this country some 8,000 motor cars. Imagine Mr. Ford, with his vision of the automobile's future, appearing before that board and asking that in its program for the next two or three decades it provide a few billion dollars of capital, along with the necessary labor and material, for his industry. The Board would have recognized Mr. Ford as a mild lunatic.

—J. Howard Pew, president, Sun Oil Co.

Why it won't work

When a new idea is submitted to a board or committee or bureau I can always tell you in advance what the answer will be: "We have given careful consideration to your idea but our conclusion is that it won't work."

—Charles F. Kettering, research head for General Motors

"Don't stick your neck out"

A political administration cannot take the risk that private initiative can. It would commit suicide if it attempted to develop the thousand new ideas necessary to find one that is practicable. Could any political administration withstand the ridicule that prevailed against Edison's idea for the electric bulb; against the "fool who would ride on air;" against the public opinion that forced Parliament to pass a law prohibiting the laying of track upon which Stephenson's locomotive was to run? Samuel Morse offered the U. S. Government his telegraph for \$100,000. A committee of the Post Office Department rejected the idea as being impracticable. No, politics cannot invite the derision and scorn that the inventor and the industrial pioneer must encounter and overcome.

—*"Democracy in Banking"*

The United States, which paid \$1,636,549,000 in taxes on its 30,615,087 automobiles in 1939, was singularly unappreciative of its early tinkerers.

There is a certain cruelty in that because, if ever a country needed automobiles, this country of vast distances did. Moreover, scattered about in those vast distances were deposits of a black and nasty fluid called petroleum, a waste product that poisoned springs or bubbled up unexpected to plague owners of salt mines. But who, among the startled Philadelphians who saw Evans' amphibious flatboat disrupt the city's quiet, could have predicted that here was a monster that would one day change the horizons of the nation and carry petroleum, rubber and a whole train of products to glory in its wake?

If such seers watched Evans' demonstrations they were strangely mute. The only observer known to history is the village cut-up who laughed raucously but did not accept Evans' bet that he could build a carriage that would outrun any horse that could be found.

In contrast, other peoples—or at least parts of them—accepted the horseless carriage joyously. In France, sports-loving young dandies got hold of cars, drove them and demanded more. In England, they rode the steam buses and, when railroads and nobility got laws passed prohibiting the operation of these contraptions, gay young blades found ways to flout legal restrictions. One of them named his steamer the "Fly-by-night" and raced about the country in nocturnal, "bootleg" excursions.

No such hilarious acceptance spurred the American pioneers.



THE BETTMAN ARCHIVE
The artist has conceived Cugnot's steam tractor as the grandfather of the modern tank. It broke down no walls. Instead it upset

Here, in the earliest days, they found instead a lethargy toward their efforts, born perhaps of the fact that, in the beginning, Americans were not a machinery-minded people. Britain, jealous of her prerogatives as a manufacturing nation, had seen to that. Neither machinery nor drawings of machines were permitted in the American colonies. The first weaving machinery here was even built from memory by a clever immigrant late from British mills. The plow,

the scythe, the axe, the firearm, Americans understood. They were the practical tools with which a continent might be subdued. The teakettle hung on a hob in the fireplace and was strictly a woman's utensil. Men who played with it, for whatever purpose, aroused some doubt.

History shows the result:

An Englishman discovered the explosive engine. Frenchmen and Germans improved it. The French improved the carburetor, a German developed variable speeds and a method of controlling the gas flow. England pioneered in pneumatic tires. France added the electric battery and inductive coil for ignition. An Englishman solved the problem of the differential.

Yet, in spite of a late start; in spite of public indifference; in spite of the fact that America had no roads worth mentioning and no Ministers of War to finance experiments with gun carriage; in spite of hardships and failures, it was the American who finally brought the automobile to its present-day perfection.

What other nations lacked

THAT seems like a paradox. But it really isn't because actually the United States was the only country where this development was possible. Other nations had the technical skill, the money, the roads, but this country had one priceless attribute that all others lacked.

It had the American state of mind.

Lacking this, metals, machines and fuels could not have made the automobile a commonplace in this country any more than they could make it a commonplace anywhere else. And, unfortunately, of all the ingredients of the automobile, it is the state of mind that we are most in danger of losing today.

If we lose it, we face the loss, not only of our automobiles but of everything else that has given this country the greatest progress the world has ever seen.

Our difficulty is that so many of us fail to regard this state of mind as something precious. Too many are willing to sacrifice its long time gains for lesser immediate pleasures. On the other hand, few of us, no matter how straitened our circumstances, are willing to sacrifice our automobiles.

A state of mind is a nebulous thing. It involves the will and the liberty to do, the promise of reward, freedom from class restrictions. The automobile, on the other hand, is tangible. We see it, we drive it, we can feel its surge of power, or hear its complaining squeaks. Yet, if most of us took no more care of our cars than we take of our state of mind, the traffic problem would be considerably simplified.

But, if we are to maintain our average of one car on the road for every four persons in the country, our state of mind is just as important as gasoline.

Perhaps that requires proof.

Very well!

Any sane discussion of this subject must start, of course, with an effort to analyze this state of mind that we are about to lose. It



A picture that could be taken only in the United States. Foreign workmen do not drive automobiles to their jobs

Our debt to capital

Who, and what, created this industry—so incredibly vast? Labor? In a sense, "labor" contributed almost nothing. It did not invent the dynamo, which produces all this electric power. That was the work of an untutored bookbinder's apprentice, who lives in fame as the greatest experimental genius of his age, and perhaps since Archimedes. Nor did "labor" make any serious contribution to develop it. To perfect and make practical this epochal invention required the trained engineers and physicists, a brilliant line extending from Faraday to Edison, Steinmetz, and Langmuir. Who paid for all this long travail of experimentation, and the salaries of all these technicians, involving the investment of tens of millions of dollars? Labor? No, it was Capital Savings; this, and this alone which has alike created this wondrous industry, and all our modern world comfort, convenience, and luxury beside.

—Carl Snyder in "The Fruits of Capitalism"

cannot be done in a phrase. Many persons have tried that and succeeded only in beclouding the issue—which was all that several of them intended to do in the first place.

Among the phrases used have been “The American plan,” “capitalism” and “the free enterprise system.” All of these leave much to be desired.

In the first place, this country owes its progress, not to a plan but to a complete lack of plan. All progress must come that way. Who can plan, for instance, that a worker shall drop a test tube stiff with collodion and discover unshatterable glass? Or that an irretrievable idler shall marvel at the phenomenon of steam jiggling a kettle lid and thus isolate the germ of the steam engine?

In this lack of plan, however, this country was not unique. In those days no other government was fiddling with planning, either. Earlier, of course, several nations had waded into that labyrinth and come out quite unrecognizable—if they came out at all.

Other nations, too, had capitalism—within the narrowest limits of that term. So did we. We also had free enterprise, which is not necessarily capitalism at all.

Perhaps we ought to think about that for a minute. Just what is “Capitalism?” The Encyclopedia Britannica, which discusses the subject in some five pages of small print, begins with the hopeless apology that “There is no satisfactory definition of the term, although nothing is more evident than the thing. . . .”

Webster’s Dictionary is made of sterner stuff. Faced with the necessity of defining the indefinable it calls capitalism “An economic system in which capital or capitalists play the principal part.”

For “Capital” the least formal definition is: “An aggregation of (economic) goods used to promote the production of other goods, instead of being valuable solely for purposes of immediate enjoyment.”

Capitalism is inescapable

IF we accept these two definitions, it becomes obvious that any economic system is necessarily a capitalistic system. The rude savage may scratch the earth with his fingernails, plant a few seeds fortuitously found, and raise a crop. But, if he takes the time to find a flat stone, and some thongs to lash it on a stick to make a hoe, he has accumulated capital—goods used to promote the production of other goods—and he has become a capitalist.

Apparently, then, capitalism is inescapable. If the nomadic savage can’t avoid it, with the whole forest primeval to flee to, we can’t either. Anyone who has a possession such as a pocket knife has become a capitalist.

However, that is not exactly what people have in mind when they damn “capitalists” and “capitalism.” The word as used today has a flavor given it by the socialists and intended as a reproach. Within this restricted meaning, “capitalism” means a system of society which permits a man to use his savings—the amount left over after he subtracts from his produce what he consumes or eats up—as he sees fit. Our ingenious savage, for instance, might use his hoe or

The road to Plenty

Every step forward in economic progress since the world began has been through the voluntary effort of individuals. The corollary is true; *political organisms have never created a single wealth-producing enterprise.* That is a strong statement, yet it defies contradiction. Walk down the street. These telephone and telegraph poles, rails, department stores, power plants, buildings—dwellings and commercial—the airplane overhead, that radio aerial, motion picture houses, ships, coal mines, the oil derrick, the automobile—all the products of individuals cooperating, not one the product of political creation or development.

—“Business, Politics and Recovery”



CULVER SERVICE
10,000,000 bicycles were on the road at the peak of the craze. Today free enterprise has given us three times that many automobiles

In words of one syllable

It is only for the sake of profit that any man employs capital in the support of industry. . . . I have never known much good done by those who affected to trade for the public good.

—Adam Smith, “The Wealth of Nations”

permit a neighbor to use it, taking in exchange a certain share of the resulting crop. If two prospective borrowers appeared, he might lend it to the one who promised the greater return. Naturally, nobody would want to borrow unless he thought the hoe would reduce his labor or increase his crop and the hoe-owner couldn't force him to use it if he didn't want to. That is free enterprise.

By the only possible alternative, the village chief or someone would take the hoe by way of taxation and attend to the lending himself, guided by his wisdom, whims, desires or perverseness. According to the details of this official taking and lending, the result would be socialism, communism, fascism or whatever the chief, in his capacity as an all-wise Providence, chose to call it. Whatever he called it, it would still be capitalism, and the same persons would produce the capital. The only difference would be that, by the first, the individual who produced the capital would control its use; by the second, the government, his political agents, would control it.

The "doers" get rewards

THE American automobile industry is an exemplification of the first.

Under it, men who have the ability to produce are assured that, if they exercise this ability the rewards will belong to them and to their children.

In the early days of the automobile, this country gave its citizens that assurance. Other countries gave it, too, at least nominally. But the American state of mind rests on many things besides that assurance. At least it did in 1892.

At that time the United States was an ungainly young bumpkin among the nations growing out of its breeches like an adolescent boy. Two years earlier, Idaho and Wyoming had been admitted to the union. The world was still marvelling at Edison's incandescent bulbs. Carnegie's first steel works was belching flame toward the skies of Pittsburgh.

Stirred by the demands of bicyclists, New Jersey had, the previous year, established the first state highway department in the country, to be soon followed by Massachusetts and six other states.

Along the two coasts, towns were taking on metropolitan pretensions but, in between, on the prairies along the Mississippi and the grasslands further west, the people had little knowledge of, or interest in, these matters. There the spelling or husking bee, the state of the crops or the health of a neighbor's children bounded the interests of life and provided the subjects of conversation.

The Indians were not long gone from the plains. Less than ten years had passed since Sitting Bull had wiped out Custer in Montana territory and men still living remembered the Spirit Lake massacre in Iowa.

Of course the telegraph brought news and a man who could afford it might take the train to wherever he wanted to go, returning to regale his neighbors with a traveller's tales of far places and strange sights. But, for the most part, the United States was a series of small nations each with its own interests, its own customs, frequently almost its own language.

But what a price!

Our people on the street and on the soil must change their attitude concerning the nature of man and the nature of human society. They must develop the capacity to envision a cooperative objective and be willing to pay the price to attain it. (Italics not Mr. Wallace's.)

—Henry Wallace, candidate for Vice President

Spiritual bribery

The ideal of class war is, as we all know, an overthrow. Not the construction of anything new, but the destruction of what exists. It is an aim without a future. It is the will-to-nothing. Utopian programs are designed only for the spiritual bribery of the masses.

—Oswald Spengler,
"The Hour of Decision"



GENDREAU
People in small towns today are no longer isolated provincials. Free enterprise has given them the same styles, information and opportunities as their city cousins

Dictators are smart

One of the reasons for the great strength of Hitler and Mussolini is the fact that they paid no attention to balancing the budget.

—Thurman W. Arnold,
"The Folklore of Capitalism"

No improvements wanted

The philosophy of State capitalism, as explained by Werner Sombart, Nazi economist, is a static economy. "We renounce progress in the sense in which the economic age characterized it," he says. He regards the continuous improvement of processes and methods of distribution, the eternal striving for something better, as a symptom of a sick people. The National Socialists visualize a finished society when a people no longer "dissipates its energies" in evolving, but stops "so that we may apply ourselves to worthy tasks."

The parallel afforded by the more ebullient New Deal thinkers is startling. The frontiers are gone, candidate Wallace said. We should curb the machine, establish a ten-year moratorium on invention, restrict production in certain lines, restrain the movement of goods through advertising, and concentrate upon the redistribution of the goods we have rather than the production of more goods. Like the Nazis, their dream is that of a finished society.

But freedom is the first thing that would be "finished."

The wasters are a majority

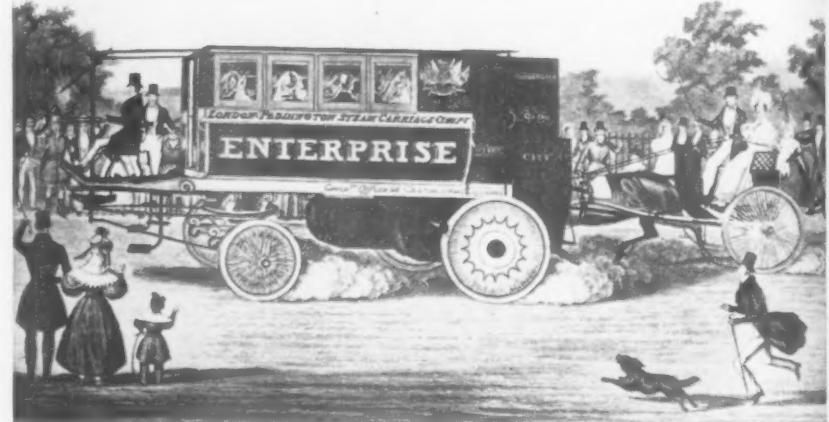
Humanity is forever divided into two groups—those who produce wealth and those who waste wealth. One is in the doghouse today, and the other in the parlor.

—*"Business, Politics and Recovery"*

Socialism requires compulsion

Equality of reward, however, as an inevitable consequence, entails compulsory labor for all who are not physically or mentally incapable. For it would be unjust, demoralizing, and, in the end, impracticable, to award to idlers, capable of work, the same reward as to industrious workers. Some system of compelling idlers and malingeringers to work is, therefore, a necessary consequence of the system of equal distribution.

—*"Democracy vs. Socialism"*



In 1828 steam carriages like this covered 4,200 miles and carried 12,761 passengers in England before being legislated out of existence

Men were born, raised families, attained local distinction and died without ever travelling farther from their birthplaces than they might reach in a day's journey behind horses whose hooves sucked sullenly in the mud of roads which were highways only by common usage or legislative pronouncement.

In that year Charles E. Duryea and his brother, Frank, rode through the streets of Springfield, Mass., in what the Smithsonian Institution acclaims as the first American gasoline automobile.

On a rainy April night in 1893, Mrs. Henry Ford and several tousled neighbors, roused from righteous sleep by an unwonted disturbance, saw Henry Ford go popping down Bagley Avenue, Detroit, in another.

The neighbors shook their heads. They knew that Henry should be in bed resting for his next day's duties as engineer and machinist with the Edison Illuminating Company. The job paid \$45 a month.

It should be observed that, while Springfield and Detroit were witnessing these previews of an industry that would one day pay 6,500,000 American workers \$639,756,000 a year, Europeans were already fairly well acquainted with self-propelled vehicles.

They would have been better acquainted except for governmental restrictions. In England the people had demonstrated their lack of the American state of mind in the early railroad days. The mob almost put Stephenson, the inventor of the locomotive, in jail. Lord Derby turned out his farm hands to chase Stephenson's surveyors off his estates. Lord Sefton did likewise and the Duke of Bridgewater threatened to shoot them on sight. Because his surveying instruments were broken so often, Stephenson hired a prizefighter to carry them. Editors, clergy and people appealed to Parliament to curb this monster which, it was predicted, would be a terrible nuisance, vomiting fire and smoke which would destroy land values; kill birds and animals by poisoning the air, make horses extinct, make hay and grain unsalable and subject the whole population to the dangers of exploding boilers.

In response, Parliament demonstrated why no government re-

sponsible to the people can ever successfull, promote new things. It passed a law forbidding the laying of track on which Stephenson's locomotive could run.

In their turn, the railroads, forgetting their own unhappy childhood, led the public assault on the new transportation medium which threatened eventual competition. The influential and ignorant joined them.

Julius Griffiths was the first to develop a well made line of steam carriages which soon became numerous enough to give England a traffic problem that led to a parliamentary investigation. By 1828 Walter Hancock had six steam buses which were safe, dependable and handsome. He testified that one of his coaches in three months' service on the Paddington road covered 4,200 miles and carried 12,761 persons without mishap or serious delay. He offered to carry mails at 20 miles an hour. The best previous time for that was 12 miles, using relays of horses.

But public and officials refused to be impressed. Legislative curbs on motorized highway vehicles became more and more rigid, to be capped in 1865 by a law requiring that no power vehicle could use a highway unless it was preceded by a man on foot carrying a red flag. So, although England had a clear lead in the practical operation of self-propelled vehicles, she surrendered this lead by governmental action.

In France public opinion was favorable. The French Academy honored inventors and France moved ahead somewhat, although government still limited highway speed of self-propelled vehicles to four miles an hour.

This country took a more liberal view, except for isolated instances as when, in the late 90's, South Dakota lost an opportunity to pioneer in the motor trade by turning hotly on its first two auto builders. Louis Greenough and Harry Adams of Pierre had built a machine capable of hauling eight persons and hoped to finance fur-



Gurney's steam buses gave England a traffic problem in the early 1800's. But public and officials refused to be impressed

Social planning requires subterfuge

The fact-minded observer will know that in a rational age social planning is required in order to convince people that they are not adrift on tides of time and circumstance. He will realize, however, that the social plan will primarily be useful only as a slogan and it should be adapted for that purpose. He will not expect logical adherence to it.

—Thurman W. Arnold in
"The Folklore of Capitalism"

Strength through idleness

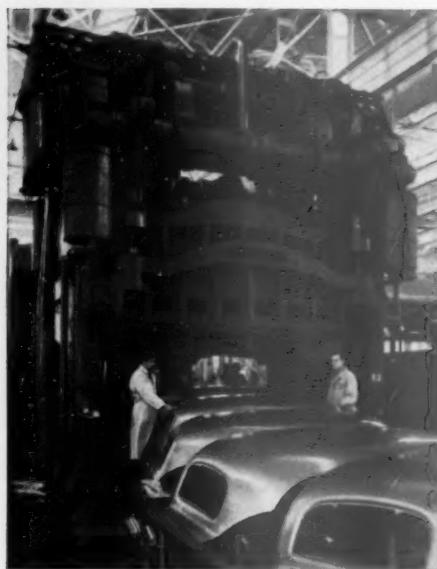
The communist method of production will signify an enormous development of productive forces. As a result, no worker in communist society will have to do as much work as of old. The working day will grow continually shorter, and people will be to an increasing extent freed from the chains imposed on them by nature. As soon as man is enabled to spend less time upon feeding and clothing himself, he will be able to devote more time to work of mental development. Human culture will climb to heights never attained before.

—Bukharin and Preobrazhensky,
"The ABC of Communism"

—But who will define "gadgets"?

It is just possible . . . that highly skilled mechanics now working in some of the really luxury trades, just making gadgets for the fun of it, may find that it is expected of them and their employers that, if they are really needed in an airplane factory or an engine factory that they will leave their pleasant and long-time employment in making gadgets to go and devote this skill in the place where, at the moment, they are most needed. Those priority claims have to be worked out really in the public interest and men who go to work in a rush job, in an aviation plant or engine plant, ought to know that they are not being sent to Siberia, but when times are better they can go back to the little town where they worked on gadgets, if that is what they prefer to do.

—Secretary Perkins,
addressing the Federal Advisory Council in June



The American state of mind constantly seeks better methods. If it didn't, today's automobile would cost \$17,000

Free Enterprise on the toboggan

The trend toward Statism received its first boost in the United States about the time of the World War. But we really began to slip in 1932. In that year the Socialist platform promised:

1. A federal appropriation of five billions for relief.
2. A federal appropriation of five billions for public works and roads, reforestation, slum clearance and housing.
3. Legislation providing for the acquisition of land, buildings and equipment to put the unemployed to work.
4. Compulsory unemployment compensation.
5. Old age pensions.
6. Government aid to farmers and small home owners.
7. Minimum wage laws.
8. Public ownership of utilities and other basic industries.
9. Socialization of the credit and currency system.
10. Increased federal and state subsidies for education and social services.
11. Socialization of the Federal Land Banks.
12. Crop insurance.

Although this program was rejected at the polls, we have adopted it. Did we merely fear the socialistic label on the bottle, while eager to try out the potion? Or were we the victims of the "subterfuge" prescribed by Brain-Truster Tugwell who wrote in 1932:

"If industries were to be controlled, incorporation of business enterprises would need, in effect, to be transferred from the states to the Nation, though some subterfuge might need to be employed."

ther experiments by carrying passengers at county fairs. This right was refused. The town of Mitchell would not even permit the machine to be brought within its limits. The *Press and Dakotan* declared that "it is a dead moral certainty that that infernal machine will frighten horses and endanger the lives of men, women and children."

But communities generally did not subscribe to the South Dakota view. Maryland, Massachusetts, Kentucky, Illinois and New York all permitted use of their roads without interference.

Most of these early tinkerers were dabbling with steam although a few used electricity.

Invention of the internal combustion engine is usually credited to William Barnett, of England. His invention, using illuminating gas, was operated in 1838. How Barnett managed to ignite the explosive in his single cylinder is not clear but, in 1855, Drake, an American, experimenting with the same source of power, used incandescent metal. In 1860, Lenoir of Paris made an explosive engine and set off the blast with a spark produced by an electric battery and induction coil. By 1865, some 400 of these engines were doing various jobs in Paris. They were quiet and efficient but fuel consumption was high. In 1867, two Germans, Otto and Langen, made further improvements in the Lenoir engine.

There is considerable dispute as to who is responsible for the transition from illuminating gas to gasoline as fuel. Various names are mentioned but, for our purposes, they do not matter.

What is important is that several of these European motors appeared in the United States, either in stationary service or as exhibits at expositions. There they were studied by Americans. It is reported that it was an assignment to repair an Otto gas engine that convinced Henry Ford that gasoline was the proper motive power for road vehicles.

Europe 13 years ahead

HE did not give that conviction a practical demonstration, however, until 13 years after the first gasoline tricycle had been operated in England and nine years after a similar exhibition in France.

Two years before Duryea made his first trip through Springfield, Daimler, already in production in Germany, had manufactured 350 machines.

But once started, the Americans came fast. By 1899, Ray Stannard Baker, writing in *McClure's*, was able to declare:

Never before has Yankee genius and enterprise created an important business interest in so short a time. And yet the motor vehicle in America is in its babyhood. . . . Here it has hardly passed the stage of promotion and promise.

In the same article he lists the achievements of this "stage of promotion and promise":

A year ago there were not 30 self-propelled carriages in America. And yet between the first of January and the first of May, 1899, companies with the enormous aggregate capital of \$388,000,000 have been

organized in New York, Boston, Chicago and Philadelphia for the sole purpose of manufacturing these new vehicles.

At least 80 establishments . . . 200 types of vehicles, with nearly half as many methods of propulsion.

A motor ambulance is in operation in Chicago; motor trucks are at work in several cities; a motor gun carriage will be ready for army use in the summer.

The Santa Fe railroad has ordered a number of horseless coaches for an Arizona mountain route.

A trip of 720 miles has actually been made in a gasoline carriage (Cleveland to New York) and an enthusiastic automobile traveler is now on his way from New England to San Francisco.

The progress of which Mr. Baker wrote so breathlessly was made possible only by the American state of mind. One result of this state of mind was to give the American citizen a conception of the automobile entirely different from that held by his European contemporary. There, the average man viewed this new invention as a monster vomiting smoke to the detriment of the countryside. Here, with opportunity still wide open, the average fellow might laugh at the man who wanted to build a horseless carriage but, if the darn thing would go, he was willing to ride in it. He was so willing to ride, in fact, that Henry Ford had to chain his car to a post to keep impetuous enthusiasts from trying to drive it away and J. B. McDonald, of Chicago, had to call police to open a way through the crowd that collected to view his new electric.

The American dared to hope

MOREOVER, no American needed to care much if the automobile turned out to be what everybody said it was in the beginning, "the plaything of the rich." Nobody had then shaken his faith in opportunity. Why shouldn't he some day be rich enough to own an automobile? And he did want to own one.

Perhaps, before he saw it, he didn't know he wanted it. Likely, in those days of robust individualism, he would have risen in righteous rebellion against any bureaucrat who had proposed to spend his tax money on so flimsy a pretext as to develop an automobile.

But the great advantage of the free enterprise system is that it permits any man to produce and offer to the public whatever wares he chooses. From the resulting stream of new things the public in turn exercises its own freedom of choice by buying those which appeal to it.

The enterprisers whose goods are refused go broke which is unfortunate for them and expensive to those who risked their savings in their enterprises. But, in the long run, the public at large loses less under this system than it would lose if it had to depend on Government to bring forth only those new products which won official sanction and, having brought them forth, continue to produce them with or without public acceptance.

Under the system of free enterprise, the man who first produces something new—or produces it better—does a real service to his fellow man by discovering and satisfying unsuspected wants. By

Even dogs bury bones

What is this "capitalism" which is so roundly denounced?

It is a system that utilizes capital for production. Capital is savings, the difference between what a man produces and what he consumes. Those who rave at capitalism would contend that a man must each day eat up what he produces.

—*"The American Spirit"*

Wisdom of the many

With the growing power of government to allocate savings we should consider its ability, or lack of it, to make a correct distribution of the risk that always must attend investment in new enterprises. In what we have come to call the American economic system we know that through the aggregate judgment of the market places over this broad land, the processes of allocating savings do tend, by and large, to place the risk where it can best be borne. Can government do that? A moment's reflection must indicate that the hazard that attends investment in new enterprise cannot be wisely spread by governmental action.

—*"Business, Politics and Recovery"*



Ford's first factory, as reproduced today. Then it made no jobs. Today it employs thousands.

this means human progress is advanced and new opportunities constantly developed in more and more fields.

People seemed to understand that better at the turn of the century than they do today. At any rate there was then less appeal for, or patience with, government excursions into fields which were not its own.

This old-fashioned view of the Government's place in the scheme of national life was an important part of the American state of mind which we are in danger of losing. It contributed to the rapid development of the automobile in two ways:

First, men embarking in new ventures were assured that, whatever hazards they might face, Government would not harass them, either with restrictions or by entering the field as an active competitor against them.

Second, men who had saved a little money were willing to risk it on new enterprises secure in the knowledge that, if the scheme succeeded, Government would not take the profits from them, either to finance its own paternalism or to punish their success.

Perhaps the true zealots who turned their mechanical skill to the actual building of automobiles did not need such assurances. But those who backed them certainly did and, of the early car builders, few had the means to get into production without financial support.

Those who delight to belittle American progress frequently insist that this success was unavoidable.

"This country," they say, "was always rich in resources. It could not well help getting richer."

For certain industries, perhaps, that argument applies although it is difficult to understand what bearing rich natural resources had, for instance, on the hundreds of experiments that Edison carried out attempting to find a proper filament for the incandescent light.

Ban on saving

The Socialist conception of capital, as defined in "Socialism vs. Democracy," is this: Any property which yields an income without work. If it is the result of work and self-denial in the past that makes no difference to the socialist. To follow this reasoning to the end, no one would be granted the right to acquire security against his old age when he no longer can work.

Gospel of Saint Marx

Capital is dead labor that, vampire-like, only lives by sucking living labor and lives the more, the more labor it sucks.

—Karl Marx, "Das Kapital"

Profit—a worthy end

It is the stock that is employed for the sake of profit which puts into motion the greater part of the useful labor of every society.

—Adam Smith, "The Wealth of Nations"

Good strategy for bad arguments

Assistant Attorney General Thurman Arnold laid bare the high strategy of his federal associates when he said that, in writing about social institutions, one should never define anything. "He should try to choose words and illustrations which will arouse the proper mental associations with his readers. If he doesn't succeed with these, he should try others. If he ever is led into an attempt at definition, he is lost."

Semantics, or how to fool the people

"Debt" is a bad word in the folkways. . . . It is important to keep debt and investment closely associated throughout these hearings. "Spending" is a bad word. Avoid it like a copperhead. . . . Keep spending firmly associated with sales, wages, purchasing power—all good words.

—Stuart Chase,
"Preliminary Suggestions for Standardizing Terminology," a manual for the T.N.E.C.

Foreign makers started first and had an early lead over Americans. Daimler made 350 gasoline cars before America made any

He finally hit on bamboo which wasn't an American resource at all.

It is still more difficult to justify such reasoning in the case of the automobile which was born in distinctly hard times with the panics of 1893 and 1907 both colicking its childhood. Furthermore, it seems reasonable to suppose that, if natural resources were so common and their development so simple, men with extra money would have turned to those fields rather than to the uncertainties of self-propelled transportation. Russia, with equally large natural resources, had to content itself with the drosky if it wanted to move by road.

Low taxes a real resource

SOUNDER reasoning suggests that prospective auto builders were able to find backers, not because this was a rich country, but because such wealth as it had was in the hands of individuals instead of government. Since time immemorial, foreign governments have taken about 30 per cent of the national income in taxes. In those countries, as in this, living costs take an average of 65 cents out of each dollar the citizen acquires. But, at the turn of the century, government in this country took only five cents out of each taxpayer's dollar. That meant that the citizen had 30 cents left out of every dollar he acquired. Fifteen cents of that, he roughly invested in expanding old industries or promoting new ones such as the automobile. The other 15 cents he could spend to buy the products of this increased industrial activity, thus driving his standard of living upwards and making one-time luxuries the conveniences, even necessities, of every day life. That 30 cents in the aggregate amounted to \$6,000,000,000 a year!

At any rate, the early builders found backing. Not much of it came from the bankers who, rightly enough, refused to venture other people's money in such nebulous endeavors. Bankers, in fact, solemnly warned Horace H. Rackham against risking his money in a company headed by an itinerant mechanic with nothing practical to his credit, and a coal man. The itinerant mechanic was Henry Ford—a name of no significance in those days. The coal man was Alexander Malcolmson. Rackham went ahead, sold some real estate and bought 50 shares of stock, "with fear and trembling." James Couzens, clerk in Malcolmson's coal office, risked \$900, which was all he had, and \$100 which his sister lent him against her better judgment.

Today the capital invested (net tangible assets) in American car and truck factories is \$1,302,906,000 but, in the beginning, the industry welcomed the \$500 of a visionary carpenter or the \$5,000 of a doctor with a flair for speculation as eagerly as it later was to accept millions.

The doctor's investment, by the way, was inspired by a letter from his son which gives as good a picture as any of an early automobile set-up:

Throughout the country Mr. Ford is looked up to as an expert. He has won numerous racing contests and is widely known, which will be



NEWMITH ASSOCIATES
Every new enterprise which is allowed to grow unhampered creates others. Operating tourist camps is only one of many opportunities opened up by the automobile

And if they resist?

The future is becoming visible in Russia; the present is bitterly in contrast; politicians, theorists and vested interests seem to conspire ideally for the provocation to violence of a long patient people. No one can pretend to know how the release of this pressure is likely to come. Perhaps our statesmen will give way to be more or less gently removed from duty; perhaps our Constitution and statutes will be revised; perhaps our vested interests will submit to control without too violent resistance.

—Rexford G. Tugwell

Exit private property

Certainly the evolution of the new order will require modifications of many cherished concepts . . . such concepts as those of private property; of the function of the corporation; of saving, spending for investment and spending for consumption; of private accounting and social accounting.

—Harlow S. Person,
consultant for the Rural Electrification
Administration and the W.P.A.



Good roads and motor transportation bring fresh foods from farm to city, making possible varied diet and better public health

EWING GALLOWAY

Substitutes for competition

One of the toughest puzzles to the Socialist is how to devise a standard of value to substitute for the values of labor and goods as set by competition. The oft-suggested labor-time standard won't work because one man's labor may be skilled and another's unskilled. One may produce goods for which there is a strong demand and another something for which there is slight demand. If time-labor is adopted, everybody would, if permitted, gravitate into the light and agreeable vocations, leaving none to pursue the harder tasks. If every individual, whatever service he renders, is to be rewarded by allotment of goods according to his needs, that can be done only by setting up some arbitrary authority to decide what each person's needs are. And that is the most complete regimentation possible. Besides, it entails a formidable train of consequences in favoritism, discrimination and corruption.

—“This Bloodless Revolution”

a big asset in his own car sales. The old machine which he built he sold to his former backers when he retired. He did reserve the right of his own name. They cannot take that away from him.

The new machine which he plans to produce is away ahead of the old one and he has already been granted 17 patents on its features. It has been demonstrated to experts and they are all enthusiastic about its possibilities. The men behind the company plan no large factory with the entailing investment. The parts are to be made under contract with Dodge Brothers who have a fine plant.

They have a contract to make 650 engines and running gears.

Contracts are being made with the Hartford tire people for the tires at \$46 a set; with the Prudden Wheel Company for wheels at \$26 a set and with the Wilson Carriage Company for bodies at \$52 each. The cushions will cost \$16. Dodges will get \$250 for their job.

Mr. Malcolmson has arranged with a Mr. Stretlow from whom he rented a coal yard at Mack Avenue and the Terminal railway, to build a small assembling plant 250 feet by 50 feet for \$3,000 to \$4,000 and this will be rented to the company at \$75 a month.

In this plant there will be ten or 12 men at \$1.50 a day together with a foreman. They will assemble the car, paint and test it. You can see how small the manufacturing expense will be.

We figure to sell for \$750 without a tonneau and \$850 with a tonneau. . . . They are to deliver ten machines a day beginning July 1 and at least have them all finished by October 1.

Not a prospectus to satisfy the S.E.C., of course, but the doctor's \$5,000 grew to \$15,000,000 because of it. The benefits the public got in the form of improved transportation, increased pleasure, better jobs and greater opportunity are incalculable.

That could not have happened except under a free enterprise system which permitted a man to take such risks as he chose with the understanding that he would lick his own sores. Even then, it could not have happened except for the American state of mind which gave a man the zest for adventure and a willingness to take a dare in the thought that, if he lost this time, he could still save up and try again.

All were after “profits”

NO doubt the motives of those who backed those early plants in reconditioned coal yards, in barns, in one abandoned bakery, were selfish. So were the motives of those who built the cars. All of them sought profits—not monetary profits necessarily although a few of them made fortunes, but there are other kinds of profits, too—the thrill of reaching a goal which men had dreamed of for centuries, the joy of shaping metal or licking time. Such things are as important to some men as money although plainly politicians do not understand this. If they did, they would devise some means of taxing these emoluments.

But, whatever rewards they sought, and whatever profits they made, were earned the hard way. The American state of mind in those days did not seek Utopia by way of minimum wages or maximum hours.

There is the story of Frederick J. Haynes who went to work as factory manager in the Dodge plant. As pay day approached, the secretary of the company went to John Dodge and asked:

"How much are we paying Haynes?"

"I don't know, ask him."

The secretary found Haynes and asked him.

"I don't know," Haynes said. "Ask Dodge."

This was the same Frederick Haynes, incidentally, who once refused to work for Ford because "you've offered me \$2,500 a year and I can't figure out how you can make enough money to pay me such a salary."

There is the story of how Roy D. Chapin hounded R. E. Olds:

"I want to begin now, Mr. Olds. I don't care what you offer me as long as I can barely live on it. I just want to be near that car."

To get rid of him, Olds took him on as demonstrator at \$35 a month. Nine years later, Chapin, heading his own company, set the record first year output of the industry up to that time—4,000 Hudson cars.

No 40 hour week for them

ANOTHER story tells of a bitter night in 1908 when two numbed-fingered men slaved over the first of a long line of automobiles. The Detroit automobile show was to open the next morning and, if they were going to be automobile builders, they needed to be represented in that show.

Outside, the weather was so cold that it had stopped snowing. The wind snarled around the shack, crept through its crevices and tormented the tired men who kept doggedly at it until, as the last bolt was tightened, Robert Hupp straightened up and looked at his companion.

"Turn off the lights, Charlie," he said. "It's daytime."

Charlie Hastings looked at his watch. It showed a quarter to seven.

They polished the car and, a few hours later, followed it across the crisp snow to the tinsel glitter of the show room. They had an exhibit but no dealers and the \$3,500 with which they had started building was gone.

But the American state of mind was on their side. To the assembled dealers, Hastings explained their predicament.

"Every car you order means a cash deposit of \$50. We will expect the balance when you receive the finished cars. There is no other way for us to get into production."

The dealers came through. Five hundred cars were sold and the company got an immediate working capital of \$25,000.

Such things can happen only where men are free to make their own decisions—to risk their own judgment knowing that, if they are wrong, they alone take the consequences; if they are right, the rewards belong to them. In the early hair-breadth days of the automobile—as with all new products—success or failure hinged on split-second decisions. Tomorrow was frequently too late. There was no time to get a ruling from Washington, which might be changed next week, or to await the ponderous deliberations of a governmental commission.

Fortunately such delays were not necessary in those days. Men



McMANIGAL
The farmer who used to get to town on Saturday night now makes the trip as often as he pleases. Free enterprise provided not only transportation but other tools to lighten his work and give him leisure for the trip

Industry wars on poverty

The "Industrial system" is just the organized effort which we are all making to overcome poverty. We do not want to change the system unless we can be convinced that we can make a shift which will accomplish that purpose better. Then, be it observed, the system will be changed without waiting for any philosophers to propose it. It is being changed every day, just as quickly as any detail in it can be altered so as to defeat poverty better.

—William Graham Sumner
"The Challenge of Facts"



SCREEN TRAVELER, GENDREAU

Other countries, too, recognize U. S. superiority. Even war did not prevent an export business of \$291,000,000 last year. The car shown here is at the Equator

Where "Spending" comes from

To the Socialist, taxation is the chief means by which he may recover from the propertied classes some portion of the plunder which their economic strength and social position have enabled them to extract from the workers. To the Socialist, the best government is that which spends the most.

—Fabian Society, Tract 127

Riches that work for all

... of the incomes that go to the very rich, a large part is directly reinvested in productive industry, where it works for the benefit of the whole population. The expenditure of the very rich for personal consumption is an inconsequential part of the national income. If all the personal expenditure of the rich were made available for distribution to the poor, it could add but little to their standard of living. And the savings of the rich cannot be used for ameliorating the condition of the poor without imperiling the capital supply. The prejudice that exists against the rich, and seems always to have existed against the rich, gives rise to recurring agitation for restricting their incomes. This is one of the great potential dangers to the continuation of the economic progress upon which is dependent the well-being both of the workers and of employers.

—Carl Snyder, "Capitalism the Creator"

were free to act as their convictions, or whims, or even hunches dictated—and whims and hunches were the best excuses that several men who made lasting contributions to the industry had to offer for being in the business at all.

John North Willys, an Elmira, N. Y., sporting goods dealer, saw his first automobile while on a business trip to Cleveland. Running to the curb, he asked the driver to stop.

"Can't do it," the stranger yelled back. "Might not get her started again."

But that experience was enough to get Willys into the automobile industry, first as a dealer, then, after the panic of 1907, a creditor, finally as president, treasurer, general manager, sales manager and advertising manager of the Overland Company.

J. W. Packard bought an automobile from Alexander Winton and presumed to tell the builder how automobiles ought to be built.

"If you know so damned much about an automobile," Winton finally snapped, "why don't you build one?"

"I guess I will," Packard said.

He and his brother, W. D. Packard, had been talking about it anyhow.

The result was the Ohio Automobile Company which produced a one-cylinder job until 1902.

In that year Henry B. Joy became financially interested in the company, his concern over gasoline engines growing out of an experience with a power boat which refused to start. Having spent a soiled afternoon tinkering with it to the accompaniment of jeers from friends to whom he had promised a boat ride, he determined to make something better.

After he joined the concern, the Ohio Automobile Company became the Packard Motor Car Company and three cylinders were added to the engine, to Packard's disgust.

"Heavens to Betsy," he said, "aren't we having trouble enough with one cylinder?"

Overproduction had them worried

WILLIAM CRAPO DURANT, sometime mill laborer, grocery store errand boy, cigar salesman and medicine show hawker, got in because of a lift in a well built dog cart. The thing's sturdiness so intrigued him that he bought the company, became a maker of horse-drawn vehicles and eventually automobiles.

Could a planned economy permit men to invade new fields where their efforts might lead to overproduction on such flimsy excuses as that? And overproduction was for a long time a real bugbear of the automobile people.

"The time will come when 500,000 automobiles will be manufactured and sold in this country every year," said Durant.

George W. Perkins, famous banker, stamped out of the room, disgusted.

"If he has any sense he'll keep those notions to himself if he ever tries to borrow money."

Government, given power to control production, could have made

few wiser choices than to appoint Mr. Perkins to an important post—and where would the automobile be then?

Fortunately for the motor-riding public, the fixing of the saturation point was left to the public. So was the choice of motive power. In the early days, gasoline, steam and electricity fought it out on pretty even terms. A tabulation for 1901 shows 60 builders of steam cars and 41 of electric. In 1902, there were 106 steam cars, 40 electric and 99 using gasoline. All had their talking points. Gasoline builders demonstrated their dependability, to their own satisfaction at least, in the first road race ever held in this country. Sponsored by H. H. Kohlsaat, publisher of the *Chicago Times-Herald*, the event was run at Chicago on Thanksgiving Day, 1895, through streets filled with snow and slush which the narrow tires of the competitors soon turned into a rutted swamp. Gasoline cars finished one, two, three with Duryea's "horseless buggy" negotiating the 54.36 miles of the course in seven and one-half hours.

"Electricity is the coming thing"

BUT SKEPTICS were not necessarily convinced. Alexander Dow, president of the Detroit Edison Company and Henry Ford's boss, called him aside one day.

"I do not object to experiments with electricity," he explained. "Electricity is the coming thing. Gasoline—no!"

Governmental practice of the day, whatever politicians might think of rival claims, conceded the contestants the right to fight the matter out among themselves.

As a result, the field was open to any man who had, or thought he had, something to contribute—mechanical skill, managerial ability, sales technique, anything. Men with these peculiar skills were drawn to it. Given freedom of choice, they are drawn to every other new enterprise, too, but we are concerned here only with automobiles. As each made his contribution, the public profited because it got a better automobile for its money. Each new model has been persistently better than its predecessor, which, by the way, raises the question, "Where would we be had Government refused to permit manufacture of early models because automobiles were not perfected?"

They are not, the builders tell us, perfected yet. If the American state of mind is lost, they may never be. That way lies calamity.

The danger is not to the automobile industry itself, or, for that matter, to the automobile owner. The builders could continue to make cars of the present model and the public could continue to buy and operate them with no particular hardship. They are excellent cars. If we doubt that, we have only to remember that, in 1903, E. T. Fetch took 53 days to cross the continent in "Old Pacific," a Packard, a pilgrimage of such constant hardship that, at one point, the crew mutinied. Those in charge of the tour outsmarted the drivers by wiring money to towns further ahead and making them drive there to get it.

There is little danger that such experiences would be repeated even if automobile progress were to be stopped in its tracks. The

Why men work so hard

Industry and frugality cannot exist where there is not a preponderant probability that those who labor and spare will be permitted to enjoy.

—John Stuart Mill,
"Principles of Political Economy"

Down with the individual!

Socialism, as defined by Prof. Werner Sombart, leading economist of Nazi Germany, says that "the community shall be the highest aim, the individual serving only as a means to its ends," in contrast with the principle which says that "the individual should be the highest aim, the social organization serving as a means to his ends."

The original "Forgotten Man"

The real victim is the Forgotten Man—the man who has watched his own investments, made his own machinery safe, attended to his own plumbing, and educated his own children, and who, just when he wants to enjoy the fruits of his care, is told that it is his duty to go and take care of some of his negligent neighbors, or if he does not go, to pay an inspector to go.

The Forgotten Man works and votes—generally he prays—but his chief business in life is to pay.

—William Graham Sumner,
"What Social Classes Owe to Each Other"—1883

"Uncle Sam pays"

Walk through a manufactory, and you see that the stern alternatives, carefulness or ruin, dictate the saving of every penny; visit one of the national dockyards, and the comments you make on any glaring wastefulness are carelessly met by the slang phrase, "Nunkly pays."

—Herbert Spencer,
"The Man vs. the State"

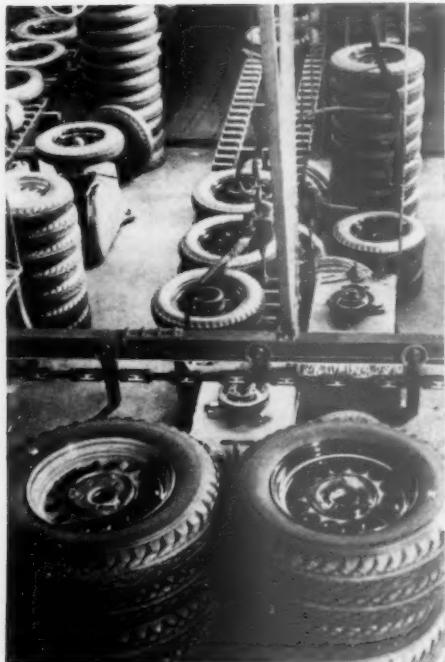
It's an epidemic

America has always been associated in the minds of the English with the soundest of economic ideas and the fact that America did achieve the highest general standard of living ever known seemed to us to confirm our faith in the old doctrines of the science of political economy. When, therefore, the United States gave itself over to political remedies for economic ills, we, knowing from long experience the futility of political ideas in the economic field, felt not only sorry for America but grieved that support for our own follies should come from the home of enterprise and common sense.

We have survived 30 years of New Deals, ever since Mr. Lloyd George gave us the first of them. We survived because we indulged in these stupidities gently and quietly, and have spread them over long periods.

Unemployment is the largest and most powerful of our vested interests. Three political parties in Great Britain are dependent upon the continuance of unemployment. An enormous and powerful bureaucracy grows and fattens upon it.

—Sir Ernest J. P. Benn,
British business leader and writer,
in NATION'S BUSINESS for April 1936



The automobile tire, once single-tube, expensive and uncertain, has come down in price and gone up in service

grave danger lies in the fact that, if progress in the automobile—or any other—industry is stopped, as it will be stopped if we lose the state of mind that brought us where we are, everything else stops, too. It will mean that the incentive to improvement has been lost, that the door which R. E. Olds, the Briscoes, the Dodges, David Buick, Henry M. Leland and a host of others found open has been closed. It will mean that, in the future, no poor mechanic in a railroad shop at Oelwein, Iowa, can dream of being a great manufacturer, as Walter Chrysler did, or dare to try to make that dream come true.

Some of the men just mentioned made fortunes. Others didn't. That again is comparatively unimportant. What is important is that they were permitted to try to make fortunes. Nobody told them "you cannot attempt this thing because the automobile is impractical." Nobody said, "you may work only so many hours a day or a week"; nobody limited their production; nobody told them whom to hire or fire; nobody used tax money to support steam or electricity in the losing competition with gasoline; and nobody, declaring that automobiles were a public necessity, demanded that the Government buy up obsolete plants to build them.

Today a young man who had saved \$300 and wished to borrow more to buy out his father's established business and turn it into a plant for making a new product—as Ransom E. Olds did in 1892—would face all these handicaps. He would face the additional discouragement of statements by an official of the federal Government that youth today has no chance to make an honest living.

If the American state of mind which is his heritage was superior to all this, he would still face the necessity of finding backers among men who knew that the Government would tax away their profits but disregard their losses.

The public will lose

SOME young men these hindrances would dissuade. Others, made of sterner stuff, would succeed in spite of them. For some, who might have succeeded unhampered, present restrictions would mean failure, and with every such failure, the American consumer would be deprived of goods which might have improved his condition.

Had the automobile industry, in its early days, struggled against such fetters, many people who are today riding in cars would be driving horses or walking. That, in itself, is a detail, although the record shows that Americans prefer automobiles either to horses or foot travel. Presumably they are happier, therefore, with cars than without, which should be a consideration to those who proclaim that the restrictions they fasten on business are designed to promote human happiness.

Actually any restriction, however noble its intentions, which interferes with economic laws and the men who are trying to carry them out must cause more unhappiness than it prevents. In the automotive field, economic laws were permitted to work unhampered and they functioned just as economists from Adam Smith on down had declared they would.

According to the theory, the sequence starts when some man produces something—in this case an automobile—that satisfies a great public need or desire. In the beginning the buyers must take what he gives them but soon other men, seeing the large potential number of customers, enter the field as producers. This not only increases the supply of goods but leads to competition among the producers each of whom, to get his share of the business, must try to improve his version of the product. To do this he must improve his methods, which in turn brings lower prices, making the product available to an entirely new class of customer. As these customers begin to buy, more men must be employed to supply their needs.

Where opportunity comes from

IT worked so with the automobile. The factory which, in the beginning, employed "ten or 12 men with a foreman" now employs more than 500,000. That means jobs. The wage rate of \$1.50 a day has grown to any figure a man can prove he is worth. Those who preach the lack of opportunity seem to ignore that. They forget that every new industry creates a thousand new opportunities.

Ben Briscoe started business life as a tinsmith in a hardware store. Eventually he owned his own small sheet-metal plant making oil cans, washtubs, the usual product of the sheet-metal worker.

One day John D. Maxwell came in with a handful of brass tubes, the current interpretation of the automobile radiator. Shortly Ben Briscoe had an order for \$100,000 worth of automobile equipment, all new things, each representing a new opportunity opened up because the American state of mind in those days knew no restrictions.

Charles F. Kettering believed, like many others, that mass production could never reach its ultimate limits until the time required for painting cars was shortened. It then took 37 days to finish a Cadillac automobile, most of it spent waiting for paint to dry. Paint experts believed they could shorten that to 34. One day, in a New York shop window, Kettering saw a pin tray. Asking about the finish, he learned that it was a lacquer made in New Jersey but when he tried to buy a quart he found that such a quantity had never been made in one time.

They asked what he wanted with it.

"I want to paint an automobile door," he said.

"You couldn't do that," they told him.

"Why not?"

"It dries too damn fast!"

There he had two extremes. Patient work by technicians squeezed them together. Duco was born—a new product, a whole new set of opportunities.

A French racing car was wrecked and strewed parts all over the track. Henry Ford picked up a valve stem and was surprised to find it so light. Technicians found out that it was steel with vanadium in it. So a new steel came to this country. Again new opportunities.

Such stories are legion. You find them in rubber, in metals, in fabrics, in plastics. Stories of progress as the men laboring in the sheet iron buildings which housed the automobile industry in De-



By teaching useful trades and American ideals at summer camps, the Ford Company also makes its contribution to better citizenship

Fortunes work for all

The aggregation of large fortunes is not at all a thing to be regretted. On the contrary, it is a necessary condition to many forms of social advance. If we should set a limit to the accumulation of wealth, we should say to our most valuable producers, "We do not want you to do us the services which you best understand how to perform beyond a certain point." It would be like killing off our generals in war.

—William Graham Sumner,
"What Social Classes Owe to Each Other"

Save, and be liquidated

You must confess that by "individual" you mean no other person than the bourgeois, than the middle class owner of property. This person must, indeed, be swept out of the way and made impossible.

—Karl Marx and Friedrich Engels,
"The Communist Manifesto"

But what of "labor's" savings?

Labor is the source of all wealth and of all culture, and, as useful work in general is possible only through society, so to society—that is to all its members—belongs the entire products of labor by an equal right, to each one according to his reasonable wants, all being bound to work. . . .

—The Gotha Program for Socialism

troit sought to improve their product, to turn out a better car than their neighbors'.

And most of them started in little sheet iron buildings and grew as best they could. According to many, the industry owes its success to those buildings. They were so small and the equipment so cheap that the builders could afford to progress. Had Government, for instance, in an effort to stimulate employment, poured in money in the beginning, building great factories, tooled to produce those early models, progress would have been delayed, if not halted.

Nobody expected that kind of government action then. The sheet iron buildings served and men and bosses toiled in them, the men for their \$1.50 a day, the bosses for what they could get. Moreover, they got along together.

Walter E. Flanders had a small plant where he made crankshafts. He asked Ford for an order. Ford was doubtful.

"How can you turn out a quantity order of crankshafts in your small plant?" he asked.

"Because I have a crew of men who will take off their shirts for me."

But that, of course, was before the N.L.R.B. had taught workmen that the capitalist was their foe.

We are discussing here only automobiles, of course. Every other industry has its own triumphs and its own traditions. Every one of them can point to scores of opportunities that did not exist until somebody, stirred by the American state of mind, dared venture into the market with some new thing. When law or lack of interest or willingness to lean on government largesse removes the inspiration to take that initial dare, the reformers are blocking the roads to the very goals they boast they are trying to reach.

It was obvious in the beginning that the automobile would be a stern competitor of the carriage builders and bicycle makers. These men had large investments of both time and money. Among the

Moratorium on invention

If the wheel of invention were stopped and the processes of discovery settled, we would, I am sure, continue to live in comfort.

—Supreme Court Justice William O. Douglas,
former chairman, Securities
and Exchange Commission

Where planning fails

No man or men by inspecting society can see what it most needs; society must be left to *feel* what it most needs.

—Herbert Spencer

Pursuit of surplus

In the soul of the modern business man there is a desire to achieve bigger and bigger things, and this forces him to be constantly undertaking more and more. But why? Principally because he wants more profit. Not that profit-chasing is the chiefest motive in his soul. The condition of things forces profit-chasing upon him. All successful capitalist enterprise must necessarily work to provide a surplus. It matters not how the individual capitalist regards the surplus—whether he contents himself with the mere acquisition of gold, or whether he aims at power, or is satisfied so long as he is occupied, or even desires to use the surplus in schemes for social reform. In any event he must make profit; his enterprise must be gainful.

—Werner Sombart,
"The Quintessence of Capitalism"

Socialist justice

A man is entitled to the full proceeds of his labor against any other individual, but not against society. Society is not bound to reward a man either in proportion to his services, nor yet to his wants, but according to expediency; according to the behests of her own welfare. Man's work is not a *quid pro quo*, but a *trust*.

—Laurence Gronlund,
"The Cooperative Commonwealth"

The Quiet Mile-A-Minute Car

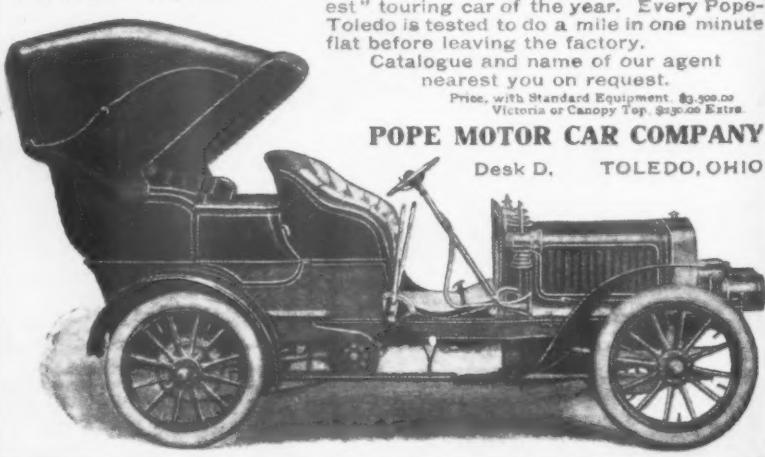
The illustration shows the regular 1905 Pope-Toledo 30-h.p. Touring Car, Type VIII, fitted with Victoria Top. This is decidedly the "smartest" touring car of the year. Every Pope-Toledo is tested to do a mile in one minute flat before leaving the factory.

Catalogue and name of our agent
nearest you on request.

Price, with Standard Equipment, \$3,500.00
Victoria or Canopy Top, \$3,600.00 Extra

POPE MOTOR CAR COMPANY

Desk D. TOLEDO, OHIO



BROWN BROS.

Compare the price quoted here with those quoted today to see how free enterprise helps customers. Pope first made lamps standard equipment

carriage men, Henry and Clem Studebaker had started their business in South Bend, Ind., in 1856 with a capital of \$68. Another brother, J. M., joined the gold rush to California, where he built wheelbarrows for hopeful miners. In 1858 he returned and invested \$8,000 worth of gold nuggets in the carriage business. When the automobile appeared to menace this business, the company was incorporated, had an eight-story vehicle service station in Chicago, was turning out thousands of horse-drawn equipages every year, had much to lose if the newcomer succeeded.

In 1897 the directors considered the problems brought by the new "horseless carriage." Apparently it did not occur to them to ask governmental restrictions on the newcomer. Theirs was a sounder decision, dictated by the American state of mind. They began building automobile bodies.

Bicycle builders, too

BICYCLE men, too, had much to lose. The safety bicycle had been invented the same year Ford began his experiments with the gas engine. By 1903, when 11,235 automobiles were produced in this country, more than 10,000,000 bicycles were on the road; committees of lady bicyclists were demanding "the short skirt that reaches the boot-tops," and a bicycle lobby in Washington was demanding better roads. While horseless carriage experimenters found it difficult to obtain capital to finance their labors, bicycle companies were living in a luxury that the newcomer threatened to destroy. But bicycle men, like the wagon men, sought no restrictions on competition. Instead, many of the more far-seeing workers in the bicycle field made useful contributions to the new art.

Had these men sought and obtained laws unfriendly to motor travel, as happened in England, today's American automobile would still be the dream of the future.

We would have advanced, of course, from the days when the women motorists wrapped long white veils over wide-brimmed hats and tied them under their chins, when the man wore a linen duster and goggles. Or when Theodore Roosevelt became the first President to ride in an automobile and one editor wrote:

"Roosevelt's display of courage is typical of him."

But the United States today would not need 822,285 miles of surfaced roads. It would have some. Bicyclists would have attended to that, but every mile lost would have meant a loss to road workers, a loss to those working in material factories and a lesser demand for the machinery which has become a part of road building.

It would have meant, too, a serious loss of that natural resource, petroleum, over which government officials at the moment evince such a motherly interest.

In the early days, petroleum was a waste product whose only market as a medicinal oil was supplied by a few bottles annually. Later the kerosene lamp produced a market for only a part of the available amount. Other ingredients of the natural petroleum were waste products and destroyed as such, especially gasoline which, because of its deadly explosiveness, was unsafe to store.

Method of a republic

The far-seeing liberal statesman is, as Calvin Coolidge put it, "strong enough to permit the people to make and correct their own mistakes."



EWING GALLOWAY
Petroleum, once a waste commodity, has become a national asset. Government, which once gave its oil lands to the Indians, now seeks to control the industry

Some educational job!

Under capitalism, if a man is a bootmaker, he spends his whole life in making boots . . . if he is a mere laborer, his whole life is spent in obeying orders. Under communism people receive a many-sided culture and find themselves at home in various branches of production. . . . Today I work in an administrative capacity, tomorrow I shall be working in a soap factory, next month perhaps in a steam laundry. This will be possible when all the members of society have been suitably educated.

—*"The ABC of Communism,"*
N. Buharin and E. Preobrazhensky



While government officials tell youth that opportunity is dead, auto builders set up special schools to train young men for the big jobs that free enterprise will bring in the future

Nature is inexorable

We learn also that while men may decree social laws in conflict with natural laws, Nature vetoes those laws more ruthlessly than did the Czars. Nature has vetoed the whole Soviet Republic. For it sought to deny Nature. It denied above all else the right to the fruits of labor.

—Henry Ford and Samuel Crowther

The achievement of Statism

After the Battle of Waterloo, Napoleon fled to Paris and remained there a few hours. In the street below the crowds cheered his name. In amazement, Napoleon turned to those beside him: "Why do they cheer me?" he cried. "What have I done for them? I found them poor—I leave them poor."

—From "Who are the Friends of the People?"

The automobile changed all this. It gulped gasoline, giving the hitherto unwanted stepchild of kerosene a greater value than its older ancestor. Oil men, scrambling to produce this suddenly valuable product, found their prices increased by the burden of other waste products that, of necessity, must be produced with it. So they found ways to make these other wastes valuable, too. As a result, the world was given a whole new family of products, including many of the plastics, to make life more pleasant and beautiful. Men were given jobs in new industries, a waste product became a valuable national asset, and oil men, struggling like the automobile men for improved methods, have been able to bring to the surface and put into useful service more petroleum than we thought we had 25 years ago, while still leaving reserves which are the greatest in history.

The spreading web of progress

THE story could be carried into many other fields. One could tell how the automobile's half-brother, the tractor, shortened the farmer's still too long day of labor; how the gasoline motor, adapting itself to other tasks, took over the tedium of churning, of washing clothes, of running power machinery. How it powered household generating plants which made electrical servants available in barn and shop and kitchen long before power lines stretched their nets of utility across the country.

One could tell how the auto's big brother, the truck, moving over good roads, permitted the farmer to carry bigger loads to market more quickly. How the large truck lines brought flexibility to the moving of heavy loads, reduced to hours freight trips that once took a day or more and paid annually some \$432,403,000 in taxes for the privilege of doing it. Buses, carrying passengers with similar flexibility and at low rates, pay even more.

But it is useless as well as impossible to attempt to follow the spreading web of social advancement which resulted because a few men were permitted to exercise the fundamental American right to do as well as they could at the work of their choice. Nobody could have guided them more directly toward the goal because nobody, including themselves, knew certainly what the goal was or what roads lay in that direction.

Technocrats, had they existed in those ambitious days, might have raised their cry against machine tools as despilers of labor. Some one might have listened. Had this happened, today's production line would be impossible and the ordinary automobile, by the estimates of experts, would cost \$17,850. So few people could afford them that the industry would need only a handful of the millions of workers that it now employs.

The British tried it by hand methods for a long time. Each automobile was a masterpiece of handcraftsmanship. But its parts were so definitely its own that they could not be interchanged with those of any other car. Henry M. Leland amazed them no end by having five Cadillac cars knocked down, their parts intermingled and then, from the resulting heap, assembling new cars. Demonstrating the

advantages of the American system, his cars won the race they had been sent to Britain to enter.

The American auto buyer has long taken that kind of precision work for granted, and the car builders have labored to keep ahead of even his most ambitious expectations.

Perhaps the automobile makers deserve no special credit for that—but the American state of mind certainly does. Under the free enterprise system, improvement is essential.

It happened that way with the automobile. The first cars were remodelled buggies. Somebody put on pneumatic tires. Someone advanced to double tube tires. In 1904, Pope-Hartford included lamps as standard equipment. The industry criticized this largesse as setting a bad precedent—but it followed suit. The free enterprise system attended to that. In 1906 Buick was out with sliding gear transmission, high tension magnetos, front bumper, asbestos brake linings. Again the industry followed and the public got more for its money. In 1908, it was Locomobile, this time with a full-floating rear axle; in 1910 Owens led the rest by selling its cars completely equipped.

So it went with starters, electric lights, pressure lubrication, demountable rims, shock absorbers and a host of other improvements. The constant effort to produce a better car than the other fellow brought them all, to the buyer's everlasting benefit. In 1914, the Ford Company announced a minimum wage of \$5 a day. It meant an increase of some \$10,000,000 a year in the annual pay roll.

Experts said, "It will have a bad effect on the labor market and the city."

Ford said: "I can't see how the labor market will be disrupted. Other manufacturers can treat their labor the same way."

They did. Some of them did it unwillingly but the free enterprise system was working. If they hadn't done it, competitors would have drawn all the best workmen in the industry.

So a new social system was born.

Planning would have failed

IT COULD not have been born by planning because planning must always freeze the *status quo*. A good plan must always accept present conditions and make the best of them. It lacks the elasticity necessary for progress.

If any planner, in 1892, had offered the public a plot of the future which envisioned the building of 79,000,000 automobiles in the next 40 years, he would have been laughed out of office. But any plan which did not include these automobiles must either have sacrificed national progress or failed to work.

So, any national plan drawn up today must rest on the major premise that the nation has become static. Stripped to essentials, today's arguments between business men and government officials focus on that premise. Business men insist that the greatest good for the greatest number will come through permitting enterprisers constantly to improve what we have and to develop what we need.

Government officials, at least the more vocal of them, seem to feel

But a wrong sense

The privilege of doing business is in a sense a public privilege.

—Prof. Frank E. Fetter,
before the Temporary National Economic Committee

Planning means ruling

It was not mere coincidence that democracy and the system of free private enterprise developed together. . . . Their growth has been parallel for the simple reason that one cannot exist without the other. A democratically "planned economy" is an impossibility.

—Winthrop W. Aldrich,
Chairman, Chase National Bank

Politicians are that way

The cold fact is that men acting together as a community, large or small, are just as dishonest, just as unscrupulous in breaking their promises, as they dare to be at any one time. Governments always, small or large, will get away with what they can, up to a point where the supremacy of the ruling power is endangered.

—Harry Scherman,
"The Promises Men Live By"



GENDREAU
The motor truck brought heavy hauling to isolated places and gave everyone increased flexibility of transportation. Last year operators paid \$432,000,000 in taxes



A nation on wheels and rolling toward an even higher standard of living—unless detour signs in the shape of foreign "isms" block the road

Warning or prediction?

Regimentation without stint might indeed, I sometimes think, go farther and faster here than anywhere else, if we once took the bit in our teeth and set up for a 100 per cent American conformity in everything. . . . A surprising number of farmers after a year of voluntary production control are writing me letters insisting that hereafter the cooperation of all farmers be compelled absolutely; and that every field, cotton gin, cow, and chicken be licensed; and that the strictest sort of controls be applied to transportation and marketing.

—Henry Wallace, candidate for Vice President, in "America Must Choose"

The burning issue

This issue of capitalism which the nation must decide will determine many other questions. Do we want the free system of American capitalism as we have known it, or do we want the compulsory system of State capitalism that we are now developing? Simply, the issue is, Who shall bring together the savings of the people? Who shall allocate them? Who shall manage them? Shall it be done by the agencies of the market place as in the past, or shall it be done by a political board or bureau?

—"Planning the Less Abundant Life"

that further progress is impossible and improvement can come only by better administration of what we have. Some persons undoubtedly felt that way in 1892. Probably some felt that way in 50 B. C.

The point is that, at any given moment in recent history, the world has had a workable civilization of a sort. Progress could have been stopped at any point and the people would have enjoyed a certain amount of comfort and security and happiness. By 1892, they had a far larger measure of those things than they had had a few years earlier.

It was a pretty good place to quit, to rest on the oars of progress and make a plan for the more efficient use of what they had.

Fortunately, the American state of mind did not let them do that. If they had, the United States today would still be a nation of provincial groups, driving horses or riding in uncertain automobiles—without radio, without a petroleum industry or a road system; with a steel industry which had only a small market for its products, a sketchy rubber industry—without practically every one of the advantages that the modern citizen uses every day.

Pity the poor bureaucrat!

GOVERNMENT, incidentally, would find its schemes for the control of industry crippled by the loss of the monstrous tax revenues that all these industries constantly pour into its treasury. In 1939, for instance, motor vehicle owners paid taxes totalling \$1,636,549,000—just about what the federal Government spent in 1917. Intelligent officials, it would seem, should be eager to avoid the frozen economy that their own laws threaten to enforce.

Somewhere in this country today are young men, hidden away in sheds or barns, working in school or industrial laboratories, maybe littering the kitchen tables in their homes. Some of them have not heard that youth no longer has opportunity, that the frontier has long been closed, that there is no more free land. They are too busy. Each of them is chasing something which he believes is big.

A great many of them are wrong; which ones, under a free enterprise system, only the public has the right to judge. Every day it will go into the market place and vote for its favorites.

But all of them won't fail. Some will turn out to be the Fords and Olds, and Chryslers, and Ketterings and Sloans of the future. What they will give us even they, perhaps, don't know.

But to say that they will give us nothing is to admit that man has reached the end of his ingenuity. It is to express the belief that the house of 1965 will be no better house than we are living in today; the belief that there will be no new materials and no new machines; the belief that cancer will never be controlled.

It seems unlikely that any one actually believes that. At least these young men don't believe it. They won't have to believe it, either, unless we take away from them that one necessary ingredient which has been common to all our advances in every field, the thing that has, in the past, been our greatest national asset:

The American state of mind—which has given us the American way!

Consider the Lillys—They Toil

By RALPH F. ARMSTRONG

FOES of business delight in embellishing tales of its misdeeds. Its leaders seldom talk of the benefits they have rendered. The result is a misunderstanding that stories like this should clear up

SIXTY-FOUR years ago, in a small laboratory on an Indianapolis side street, Col. Eli Lilly rolled a pill. The Colonel had vision, but even he did not imagine that, along with the pill, he had rolled on its way one of the greatest drug-manufacturing institutions of the world; or that, in his young son, Joe the office boy, he had started a dynasty of remarkable men to guide it.

If you have diabetes you're grateful for insulin; if you have anemia, you're glad modern medicine found liver extract. Even if you're healthy you have thrilled to discoveries of new serums to fight pneumonia and meningitis; an antitoxin for gas gangrene.



Colonel Eli made the first gelatine capsule in 1888. Now radio music eases monotony of girls who inspect those turned out by machine



As one of his varied hobbies, Josiah K. Lilly raises 1,000 varieties of orchids

INDIANAPOLIS TIMES

But the chances are you've never thought of the part played by the great, modern pharmaceutical houses, such as Eli Lilly and Company, in putting these discoveries on the counter at the corner drug store. Lilly and his like take up where the test tube leaves off. They send these new death fighters, along with other medicaments, some as old-fashioned as castor oil, flowing round the world in pain-re-

lieving, life-lengthening streams.

Behind this flow—3,000 different products in the case of the Lilly company—stand three quiet men: Josiah K. Lilly and his sons, Josiah K., II and Eli, II. They present a sphinx-like, conservative front. Yet they back new scientific research to the limit, and, twined oddly with business and scientific ability, are their passions for hobbies so varied that a combination list of the

achievements of the Lilly firm and of the Lilly family reads like a continuation of the walrus's speech on cabbages and kings.

Here are a few things that have happened because the Colonel rolled a modest, reliable pill.

Insulin has been made purchasable at about a twentieth of its original cost.

There has been a nation-wide revival of interest in Stephen Foster, he who sang of an old Kentucky home which he never had. The root of this revival was the extra-curricular research of an otherwise pharmaceutical Lilly.

Some of the rarest orchids bloom in a Lilly greenhouse near a Hoosier cornfield.

The city of Indianapolis has emerged from a wallow of dark, muddy streets to a maze of slick boulevards, due largely to Colonel Eli.

Four Nobel prize winners attended the opening of the new Lilly laboratory, to tell how much science owed to the Lillys.

More than 2,000 employees went through the depression without firing or pay cuts.

NATION'S BUSINESS for October, 1940

Butler University recently gave a degree to Eli Lilly, II, because he had dug up more about middle-western Indians and mound builders than anyone had dug up before him.

Allied soldiers are getting medicines from a Lilly plant lately established in England. American soldiers in the last war got treatment at a base hospital in France, provided by Lillys.

Prize-winning Percheron horses on the Lilly farms are available for breeding, to Hoosier farmers on a farm product barter basis.

Hoosiers can view a replica of their ancestors' pioneer homes in the Connor Prairie farm, restored by a Lilly.

Favor charities, too

ALL these activities are in addition to the usual wealthy man's "must" charity doings. For among the patrons backing charity drives, university aids, good musical programs in Indiana, there always appears the name of a

Lilly. There is a saying among newspapermen who have tried vainly for interviews that the "Lillys toil but do not talk." They carry reserve to exaggeration, partly professional because of their connection with medicine, partly through innate self-effacement. Yet it is possible to peep behind this austere screen and discover the streak of romantic imagination that runs like a scarlet design through the solid gray fabric of the family.

Col. Eli Lilly returned from the Civil War, successful in battle but broke, like many a hero. However he cherished a dream, dating back to a picture—a reproduction of Rembrandt's "The Good Samaritan" hanging in an apothecary shop when he saw it. He wanted to go into a business that would help humanity. As a boy he had worked as an apothecary's assistant, at wages barely worth the pocketing.

He had once opened a drug store of his own, but had closed the doors to go to the Civil War. During the battle of Chattanooga, Lilly, as head of an artillery company, directed fire at a hotel supposed to harbor Confederate generals. No generals appeared, but an animated figure did pop out of the "Rebel" newspaper office next door, and streaked downstream, successfully outrunning the bullets. Someone cried: "There goes Henry Watterson!"

Later, when Watterson became famous as editor of the Louisville *Courier-Journal*, 100 miles down the pike from Indianapolis, Lilly and he met, and mustered a smile over the incident.

Lilly finally succeeded in scraping together \$1,300 with which he started his laboratory. Not for him the medicine show nostrums which were then "curing" America of everything from corns to consumption. He determined to

(Continued on page 86)



The Indianapolis Chamber of Commerce Building, completed in 1926, has a plaque honoring Colonel Lilly

INDIANAPOLIS PHOTO CO.



Where Colonel Lilly rolled his first pill. The building has been reproduced from a photograph



Keeps me hoppin' to keep up with that speedy

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Washington and Your Business

Cute Trick of a Congressman

He is on good terms with Stephen Early, he says, and would not be slapped down if he asked Steve a question, but he would not get any news, either. He knows and admires Adolph Berle, and Berle could tell what will be done next, but he is afraid to ask. Sometimes Berle strays into the solar system or a sketch of the epochs and what happened to them.

The congressman says the reporters are just as bone ignorant of what is going on as any one else outside the magic circle, but they are sharp guessers.

They have certainly been nearer the mark than were the congressmen.

Blindfold Men Cannot Lead

earnest men, but that it has not been possible for any to develop leadership except of the party hack sort because they are given no worth while information. He said that reporters told him after the 50 destroyers trade for those Caribbean sea subdivisions that they thought that a much closer tie-up with Britain was in contemplation at the White House, but Congress knew nothing about it. He was not bitter about it. Just sort of sad.

A Flourishing Infant Industry

comedians with electric guitars, and imported specialists on how the United States should save its soul. This comparatively minor business triumph would not be worth noting—one might even argue that under the circumstances the take might have been increased—except for the attitude taken by the Administration against other successful business men.

Mousetrap Gag Is Outlawed

theory was that people would beat a path through the woods to buy the best mousetrap. Assistant Attorney General Thurman Arnold has disposed of these fallacies. In his suit under the antitrust act against the eight largest tobacco companies he makes the blood curdling charge that:

By nation wide advertising and sales promotion they created such a perfect acceptance and demand for their major brands that—

That, in a few words, they have become so hideously successful that if it were not for the taxes they pay today's 15 cent package of cigarettes could be retailed at a profit for nine cents.

Mr. Arnold hopes to expunge this outrage.

ONE of the older and more stable members of Congress says he has been getting a good deal of information about whither are we drifting by talking to the correspondents.

Egg Hits an Electric Fan

THE White House and the National Defense Commission said they were in accord on that part of the excess profits bill which permitted corporations which acquired or constructed

defense facilities to amortize the cost over a period of five years. But the Treasury slipped a paragraph in the House bill providing that such corporations must give the Government future control over such plants and what amounts to an option to buy them at book value. The provision is so vague and indefinite that different companies might be differently affected and, in consequence, business did not know what it could do. Congress thought the defense appropriations and authorizations made since May totaled \$10,140,000,000, but the Treasurer says they come to \$14,702,000,000. Eighty pages were added at the last moment to the tax bill and there is not a man on earth who can tell what the farrago means. Certainly no taxpayer can.

Advance and Squattez-Vous

A FRIEND observed to the chief of a section in the Department of Commerce:

"Who are all those men at the end of the room?"

"Clerks," said the chief.

"What are they doing?"

"I don't know" said the chief. "They just sent 'em in and told me to put 'em on the pay roll. There's nothing for them to do."

Strikes Blow for Freedom

WHEN Ed Flynn was asked to take Jim Farley's place with the Democratic National Committee, he said he would talk it over with the President:

"Not if Hopkins is present, though. I'll not talk if Hopkins is there."

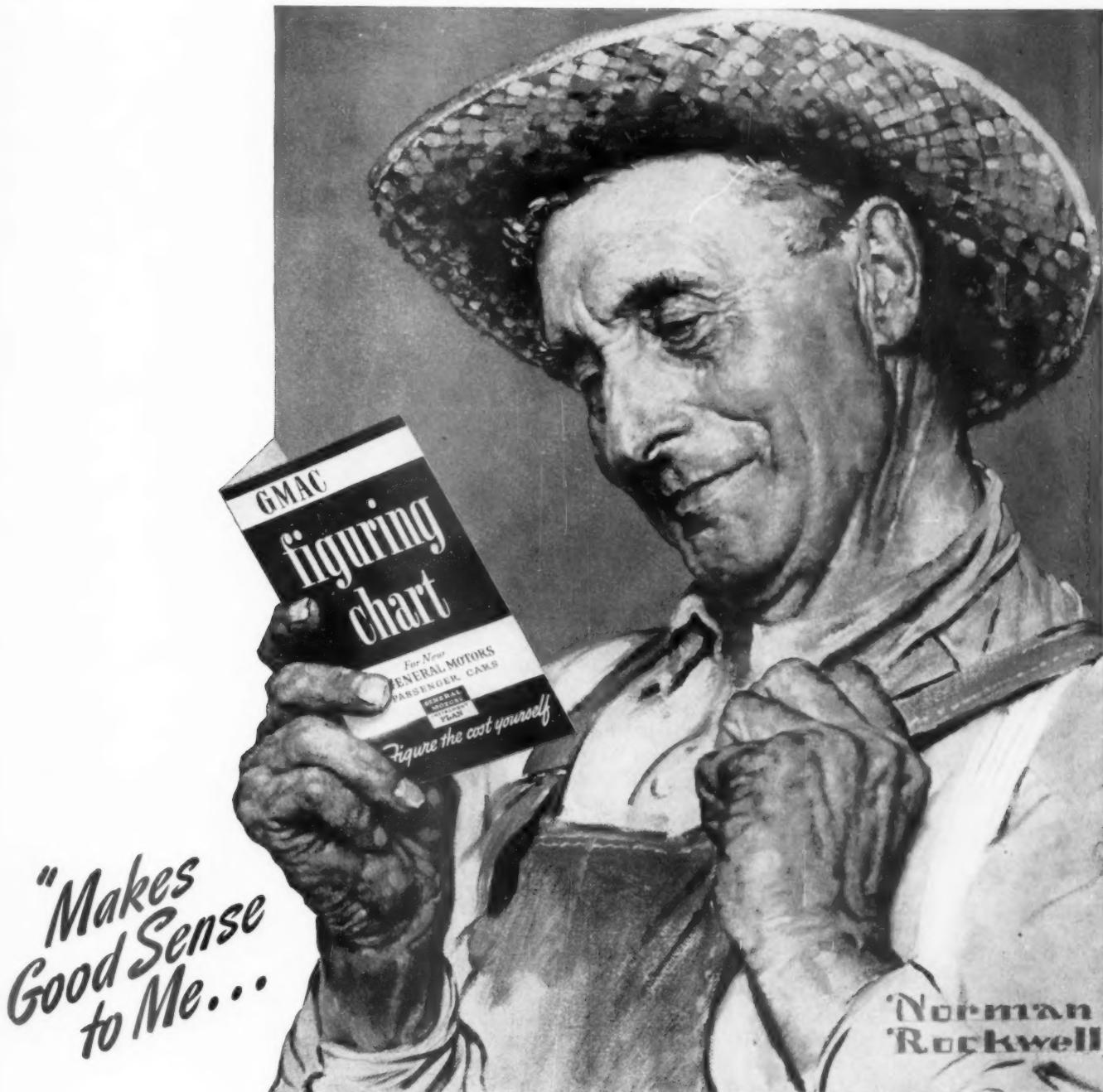
Flynn had his way in the end. He made it clear, too, that he and he alone would be the boss. He would have no Harrys and Tommies around to tell him what to do. Then Hopkins resigned as Secretary of Commerce, having fairly well completed the eclipse of that department.

Farley's Nose Was Tweaked

WHEN Farley resigned as Postmaster General and as chairman of the Democratic National Committee his only request was that Henry F. Grady be made Secretary of Commerce. His letter in Grady's behalf was as warm as only the generous Farley could make it. Grady is a Californian, able, energetic, and has been highly esteemed in the government service. He did not get it. Farley was not soothed by the dear-Jimming that accompanied Grady's turndown.

Shooting in All Directions

ON THE day that John L. Sullivan, Assistant Secretary of the Treasury, told a congressional committee that the complicated bookkeeping made necessary by the Vinson-Trammell excess profits tax handicapped manufacturers trying to do defense business with the Government, other spokesmen continued to abuse industry for its alleged tardiness in cooperation. Mr. Sullivan



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to Me..."*

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might read over the list of eminent former members of the Administration who succumbed to fatal attacks of candor. Lewis Douglas and T. Jefferson Coolidge and John W. Hanes are good lead-offs.

Demagogic Aces Running Wild
NOT many on Capitol Hill seem to be disturbed by the Russell-Overton amendment to the Burke-Wadsworth universal service bill, providing for the "conscription" of industry. It is not "conscription" at all. It does provide for the expropriation of an industrial concern that is not playing ball.

This authority already exists. What has disturbed the more thoughtful congressmen is that "cheap demagoguery" of the sort could be resorted to in the hope of making a political gain, when every truly responsible man in the Administration, from the President down, has borne witness that industry is playing its part well. W. S. Knudsen of the Defense Commission sounded that chord first and the others joined in.

Got to Show "Bill" Knudsen
BATTLESHIP armor might be able to resist a shell, and yet the impact of that shell might start the rivets and the ship would take water:

"Weld the plates," said Knudsen.

"Can't be done," the experts told him.

But it is being done. Knudsen found a man who could do it. He carries a piece of welded plate nowadays to show the doubters.

Time in shipbuilding is saved, too.

By-Product of Defense Plan

745,000 miles have been surfaced. As a distant relation of the defense program, the P.R.A., in cooperation with the states, has embarked on a plan to map these local and secondary roads. When that work has been completed—the maps will show houses, woods and villages as well as towns—and the traffic burden has been discovered, the roads worthy of improvement can be identified. It will not thereafter be so easy for a County Commissioner to pave his one-farm road so his girls can get to the movies.

"Dead Hand of Bureaucracy"

LAWRENCE SULLIVAN'S recently published book on our bureaucracy should be required reading for every taxpayer not subject to dizzy spells. Here is an excerpt:

Twenty-one federal agencies now collect reports from farmers, eight from bituminous coal mines, 11 from railroads, eight from communication companies, 14 from water-borne transport companies, 19 from food processors, 12 from textile mills, 17 from banks, 12 from the construction industry, nine from retail chain stores, and 17 from independent retail stores.

This Is What We Pay For

IN what are looked on now as the good old days the man who wanted to buy a ton of slack paid two dollars for it, and got it, and the transaction was completed. Nowadays

the man who has a ton of slack, and wants to sell it, must show in his schedule to the Bituminous Coal Division what mine produced it, in what district, subdistrict, and on what vein it is located, what kind, class and size of coal was involved, to what market area and destination it is to go, for what purpose it is to be used, and whether it is to be shipped by truck, rail, river, lake or tidewater. Such a schedule covers 1,900 pages.

Bladderheads Please Note

THOSE inclined to throw bricks at aircraft windows should know that five of the leading aircraft manufacturers in a joint statement observed that "in spite of a lack of proper legislation" members of the industry on their own responsibility in ten weeks bought more than \$100,000,000 worth of materials and have spent or contracted for \$50,000,000 in additional facilities and equipment and added 21,000 employees to their pay rolls.

They are willing to do anything the Government asks "under any fair and reasonable arrangement." The production schedule is away behind, but the evidence seems to be pretty plain it is not the fault of the manufacturers.

A Thought for Arnold's Day

WALTER J. WALSH of San Francisco points out that there are at least 150,000 independent enterprises in the construction industry, including approximately 70,000 who operate as sub-contractors.

"Their real assets are their ability to take on a job and perform it. It is to this flexible group of firms that we must look for the construction of the airports, army and navy bases, warehouses, supply depots, fortifications, docks, shipyards and the 10,000 other things needed to prepare this nation" for the possible emergency. "To get an efficient shipbuilding industry under way it will become increasingly necessary for the shipyards to subcontract their work to the building trades—to the men who have the skill and the men. The efficiency of the small contractor is multiplied tremendously by his trade association, where the experiences of all are pooled for their mutual benefit."

Assistant Attorney General Arnold and his staff are prosecuting these cooperating contractors. Mr. Walsh says they are "intent on so disrupting industry that no constructive program could be possible until they are stopped."

Flu Can Catch Roofless Men

FOLLOWING Mr. Walsh's thought it is worth pointing out again that the new army, if and when, will need a lot of roofs, blankets, shoes, kitchens, cooks, doctors, and stoves, just as they did in 1917. Especially as it seems likely that the drafting will in no case begin until after the November election. Soft boys from the city do not harden until they are rid of the goose pimples. No report yet on progress. Page Mr. Arnold.

Hooraying for Col. Hershey

ARMY hopes the draft mechanism will be placed in the hands of Col. Lewis B. Hershey, now in temporary charge of arrangements, and regarded as competent and stiff

against political pressure. But there are persistent hints that the chief draftsman may be some one more in tune with the eternal verities. Labor, social service, and political stuffed shirts are closing in.

Next Stop, Singapore?

NOTHING being incredible in these days, although some things are occasionally puzzling, it may be noted that Singapore is the Eastern hidey-hole for British battleships.

American battleships have been welcomed there. The United States imports annually 1,350,000,000 pounds of rubber, mostly from the Dutch East Indies and the British possessions in the Middle East. We produced only 2,000 tons of synthetic rubber in 1939. "It is paramount," according to a writer in the *Domestic Commerce Weekly*,



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Every business is aiming at the objectives illustrated above. Today, thousands of concerns are hitting all these bull's-eyes with a new kind of office duplicating . . . a method that does more, does it better and at low cost.

Notice the variety of design and shading, the sharp, clean-cut quality of every line in the illustration. The original copy for reproduction in this magazine was one of hundreds run on a moderately priced duplicating machine. Let us send you one of

these duplicated copies for comparison as proof of the superior quality of this new duplicating method. Just send the corner of this advertisement with your letterhead to the address below.

With your copy we will send examples of a few of the many ways this new quality duplicating method is being used to effect substantial savings.

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the new publication of the Department of Commerce "that the sea-lanes be kept open." Secretary Hull warns the Japanese again that the eyes of Tennessee are upon them. The Japanese continue to move toward the rubber plantations in Indo-China. We plan to substitute bombers for the tortoises on the Galapagos Islands—pronounced with a strong lop effect on the second syllable—and put combat planes on the Cocos. So what is next?

We're Going to "Protect" 'em

it is because Congress has been kept so much in the dark that there is almost not a single shiver when Hitler's name is named. Nor is Congress apparently afraid to shoot another billion when called on. Ellsworth C. Alvord, chairman of the Committee on Federal Finance of the U. S. Chamber of Commerce, warned the House Ways and Means committee that, if our financing goes on without planning, inflation, repudiation and confiscation are future possibilities.

Congress is bothered about the Administration's plan to "protect" the Latin-American countries. That word "protect" has a sinister significance to the students of day-to-day history.

A Large Mess of Midnight

THE South American plans seem to be a complete mystery to every one except the dozen or so non-elected schemers in the inside ring. The plans may be as beneficent as a rain storm in the Dust Bowl, but no one knows. Nelson Rockefeller has been appointed "coordinator" for South American ideas, but no one on Capitol Hill can be found who knows precisely what are the ideas and how far they will take us. Congressmen get hints now and then, mostly from the reporters, who get hints where they can.

The theory seems to be that a large plaster of economic penetration, political sweetness and the promise of armed support is being flavored by antagonism to the barter way of business. In the absence of any definite information congressional leaders feel the only thing they can do is to vote more money when called on for the national defense.

Retailers Are Under the Gun

AN official release indicates that retail prices will not be permitted to go up. Some increases may prove to be inevitable, but the retailer who sets them up must be prepared for an attack by the consumer interest division of the Defense Commission, headed by Miss Elliott. Retailers who increase prices are definitely threatened by "publicity," which is a scheme that Thurman Arnold thought up for the control of business men who are inside the law but not inside Mr. Arnold.

Miss Elliott is regarded as a sincere enthusiast, but there is a smell of politics about the plan to "protect" consumers.

"Young Man So Benighted"—

CHAIRMAN Madden of the Labor Board is in the position of the young man who did not know when he was slighted. Before this is printed he may have been eased out, but at the present moment he is insisting on reappointment. Business men and the A.F. of L. charge that he has been leftish and C.I.O. in his attitude, so that if he is or if he isn't there will be a Senate fight on confirmation. No other job satisfactory as to honor and pay and not subject to Senate confirmation has yet been found for him.

Water Freighters Seem Soured

OUTLOOK is that the transportation bill may be passed at this session. It gives the I.C.C. authority to equalize rates on rail-water-truck freighting, which should be moderately good for the railroads, but not so good for the subsidized water routes. Water freighters fear either an increase in rates or an ultimate slowdown in the gravy pour.

"Corporate State" Coming?

IN THE opinion of competent men, not obviously influenced by politics or emotion, the present trend is definitely toward control by the Government of industry, farmers and prices. Evidently not possible to say at this moment how far it will go, or whether this control will be relaxed when the present unrest is at an end. Left wingers are jubilant.

Sardonics say that Mussolini saw it first.

Fun Ahead in California?

INTERIOR Secretary Ickes may have won a battle and lost a war in his San Francisco controversy. In return for a stay of the injunction against the city's use of Hetch Hetchy power—which would have compelled a tax increase to make up for the loss of Hetch Hetchy revenues—he forced through an agreement for another effort to establish municipal ownership or control. But San Francisco has repeatedly defeated public ownership proposals. He attacked Hiram Johnson and Johnson won a smashing victory in the primaries. Governor Olson was defeated in his public ownership plan for the Central Valley project.

Mr. Ickes should have been told that in 1916 Candidate Hughes lost the state of California because certain Californian sensibilities were offended.

Wet Paint on this Job

IT'S probably only an example of what can be heard around Washington, but there is a story going the rounds that a melding of the British Empire and the United States is being seriously considered. Take it for foolishness if you wish. Or don't take it at all. I am merely reporting the fact that the gossip circulates.

Swam a River with an Anvil

PROSPECTIVE disbursing officers of our prospective army are urged to brush up on their bookkeeping and skullduggery at once. Army accountants never forget, never construe laws to save an innocent, and never quit. The only way out for a disbursing officer caught in a technical shortage is to blame everything on a deserter. The classic army story is of the disbursing officer who was short an anvil:

"Private John Smith stole this anvil when he deserted," he reported:

"How did he get away with the anvil?" asked the professional doubters.

"He swam the Rio Grande."

It is a fact that an army officer once hired 12 Mexicans as a bucket brigade to put out a fire in an army stable, and turned in a nine dollar voucher for the money he had paid them. It was returned because he had not advertised for bids. Young officers take notice.

Herbert Cole



We've written the music... but we're stumped for words

SOMEHOW we wish our Engineers, who designed this 1941 Dodge Luxury Liner, had also come through with the words to describe it.

Perhaps they could do it justice. Perhaps they could paint you a "word picture" to match the creation they've put on wheels!

Frankly, it's a tough assignment! We could talk for hours about Dodge beauty, but it wouldn't give you the picture. You've got to let that eye-filling front-end charm its own way into your heart. You've got to let that windstreamed new body—wider, lower, and roomier—tell its own exciting story.

Up front get an eyeful of that new Jewel-Case instrument panel...the sparkling chrome-trim fittings...the huge V-shaped windshield that spreads the whole highway like a

ribbon at your feet! You can thank Dodge craftsmanship for that.

You say you're a stickler for comfort? All right, then sit back and relax because you're going for a Dodge Fluid Drive!

To begin with, you're going to step on the starter and throw her into high right off! You're going to be surprised that there's no buck nor jerk as the clutch pedal is raised. Instead, you simply glide away like a swan in still water.

Gearshifting Takes a Holiday!

There is nothing new to learn... just a lot less driving effort. If you want an extra surge of power, a flip of the finger gives you airplane-fast get-away.

But marvelous as Fluid Drive is, it is only a part of the 1941 story. For example, there's a new Oil Bath Air

Cleaner that does the slickest job of "air-conditioning" you ever saw! It prevents gritty particles from attacking the engine's "innards" and thus greatly prolongs its life.

Dodge safety is evidenced in such advancements as 47.6 per cent larger rear window to increase "sterward" visibility; Hump-Rim Safety Wheel that holds tires on securely should "flats" occur.

And, as all the world knows, the men who build Dodge cars are more than expert mechanics—they are fine manufacturers...quality-minded artisans who think always in terms of building sturdier and better products.

But suppose we leave some surprises for your Dodge dealer to spring on you.

Words can't describe it...you must see and drive it!

Here's the Triple Thrill of FLUID DRIVE!



1 **Gearshifting Takes a Holiday!** For all normal driving you don't have to shift gears! You can start in high, drive in high, stop in high...and start again in high!

2 **A Thousand Different Speeds!** You can drive from one mile an hour to the top speed of your car...and enjoy a thousand speeds in between...all without ever shifting gears.

3 **The Smoothness of Oil!** Power from the engine is transmitted to rear wheels through a shock-absorbing cushion of oil. The result is almost unbelievable smoothness and much longer car life.

NEW 1941

Dodge

**LUXURY LINER WITH
FLUID DRIVE**

AMERICA'S FIRST LINE OF DEFENSE



► A prominent business executive admitted recently that his company was "holding its breath" until after the election; that it was too early to predict which way the wind would blow.

There is no denying that Business has an important stake in the coming election. But any company that calls "time out" every four years is overlooking a big bet. And that is—

No matter who is elected, the *people* will still be in office.

What the *people* think will always carry more

weight than the political thinking—however sincere—of any single office-holder. And the more Business does to influence *people's* thinking, the less it need worry about which political party is in power.

If private enterprise is in any danger from forces within the country today, then public opinion is its first line of defense. And public opinion isn't going to adjourn after November 5. People are going to keep right on voting—voting every day, with their own hard-earned American dollars.

Every time people buy your product in prefer-



ence to someone else's, they are really voting their confidence in your company as well. And the more you tell people about your company's way of doing business, the more loyalty you build for your product.

That is the job of public-relations advertising—to create more confidence in your company, not just among your own employes and stockholders, but among the millions of every-day citizens whose buying habits make the wheels go round. And if you check with the companies that are investing in

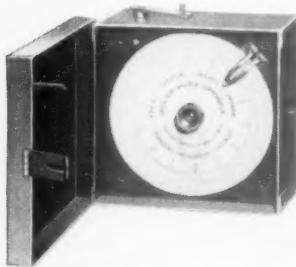
such advertising today, they will tell you that it is the only kind of public-relations effort that pays its own way—not only in good will, but in sales.

THE CURTIS PUBLISHING COMPANY
THE SATURDAY EVENING POST LADIES' HOME JOURNAL
COUNTRY GENTLEMAN

FOR PLANT PROTECTION LOOK TO THE DETEx LINE OF WATCHCLOCK SYSTEMS



The Detex Corporation is a specialist in one field—that of designing and building supervisory systems to suit every industrial need. The Detex line of Watchclocks is the only complete line offered to American industry—when you install a Detex system, you are assured of getting the one exactly suited to your needs.



There are thousands of small plants, lumber yards and stores where a watchman's task is a simple one. Perhaps he must walk periodically from the front to the back of a store—from the first to the second floor of a plant or the length of the yard.

But supervision of the watchman in a small plant is just as important as it is in the plant covering many acres. In the complete Detex line, there is a watchman's clock exactly designed to record these periodic inspections.

The Sentinel clock is fastened permanently to the wall where the watchman's inspection ends. Each time he makes his rounds, he registers the time on a dial inside the clock. This simple, tamper-proof, inexpensive system gives undisputed evidence of the watchman's faithful vigilance. The Sentinel may or may not be the answer to your particular supervisory problem, but in the complete Detex line there is one system exactly suited to your needs. Write today for complete information.

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29 Beach St., Boston, 116 Marietta St., Atlanta, Rm. 800

NB-10-40

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The People's Lobby

By W. A. FREEHOFF

WHEN Governor Julius P. Heil of Wisconsin last October examined the finished product of a legislative program which he had submitted to the Badger assembly earlier in the year, he was constrained to make bitter public utterance about the pernicious influence of lobbyists who used wine, women, and song to lead the legislators astray.

Now Governor Heil is a man of volatile emotions who hits back when he is hurt, and his blanket indictment of a legislature and a lobbying technique was not taken too seriously by those who know him well. The general public has understood for years that "such goings on" were a part of political life, although the public as well as our governor may have had an exaggerated notion of the extent, as well as the real effectiveness, of the lobbying influence.

A swarm of lobbyists

THOSE of us who served in the 1939 Wisconsin legislature know that lobbyists swarmed all over the capitol and that the situation got so bad that first the assembly and then the senate enforced the rule requiring them to keep off the legislative floors.

We enforced the rule, not because we were afraid of being debauched, but merely to abate a nuisance. It was not conducive to a Christian state of mind to sit down at a desk with the idea of getting some work done, only to have the paid representative of a special interest group plank himself down alongside and begin pleading his case.

I have no intention in this article of giving you harrowing details of the "night life" of a busy legislature. In the first place, I know nothing about it except hearsay, having never even received an invitation to a "wild party," and am satisfied that this type of nocturnal activity was confined to a small minority of the members. In the second place, such details would be old stuff.

There is one type of lobbying about which I profess to know something, however. For want of a better name I will call it the "people's lobby" which, to my notion, has become far more pernicious than the old "vested interests" lobby. We are told that, in former times, the big corporations kept men at Washington and the various state capitals to "protect" their interests, it being hinted that some-

times even corrupt means were resorted to. Be that as it may, today the men who take care of "big business" have lots of company in the men and women who, in the name of the people, infest the big and little capitols.

This condition has crept upon us so gradually that it has been almost unnoticed. It had its real beginning in those hectic days of '32 and '33 when a benevolent Uncle Sam started taking care of the financial problems of Mr. and Mrs. Citizen. Since then the drive has been to dump local costs of government upon the state and state costs upon the nation.

The 1939 Wisconsin legislature felt the full force of this drive. The County Boards Association and the League of Municipalities had paid representatives constantly upon the scene and "did plenty" to complicate the problems of the legislature. That these lobbyists did merely what they were paid to do—see to it that the taxpayers of the cities and counties were protected—does not alter the fact that they messed things up for the state.

There is, of course, another side to this question. Over a period of years, the federal and state governments have passed laws which impose mandatory costs upon the local units. In Wisconsin, the state legislatures have been particularly free with this type of tax kiting, so that the cities and townships cannot be blamed for fighting back. Governor Heil, who realizes this problem, had a bill introduced which would have removed several dozen of these objectional, arbitrary demands, but the special interest groups, mostly with a welfare label, succeeded in having the measure delayed so that it was lost in the scurry of *sine die* adjournment.

But the counties and the municipalities are not the only "people" who resort to lobbying. The firemen and policemen who want larger and better pensions, the barbers, beauticians, dry cleaners, and cobblers, who implore protection for their trades and industries, the welfare workers who demand a better and more expensive deal for the wards of the state, the League of Women Voters which is trying to put some idealism into politics, and perhaps the most powerful of all, the various groups which make up the educational lobby, all are represented at state capitols to put in their little five cents worth at the expense of the taxpayers.

PRECISION AND SPEED

WITH

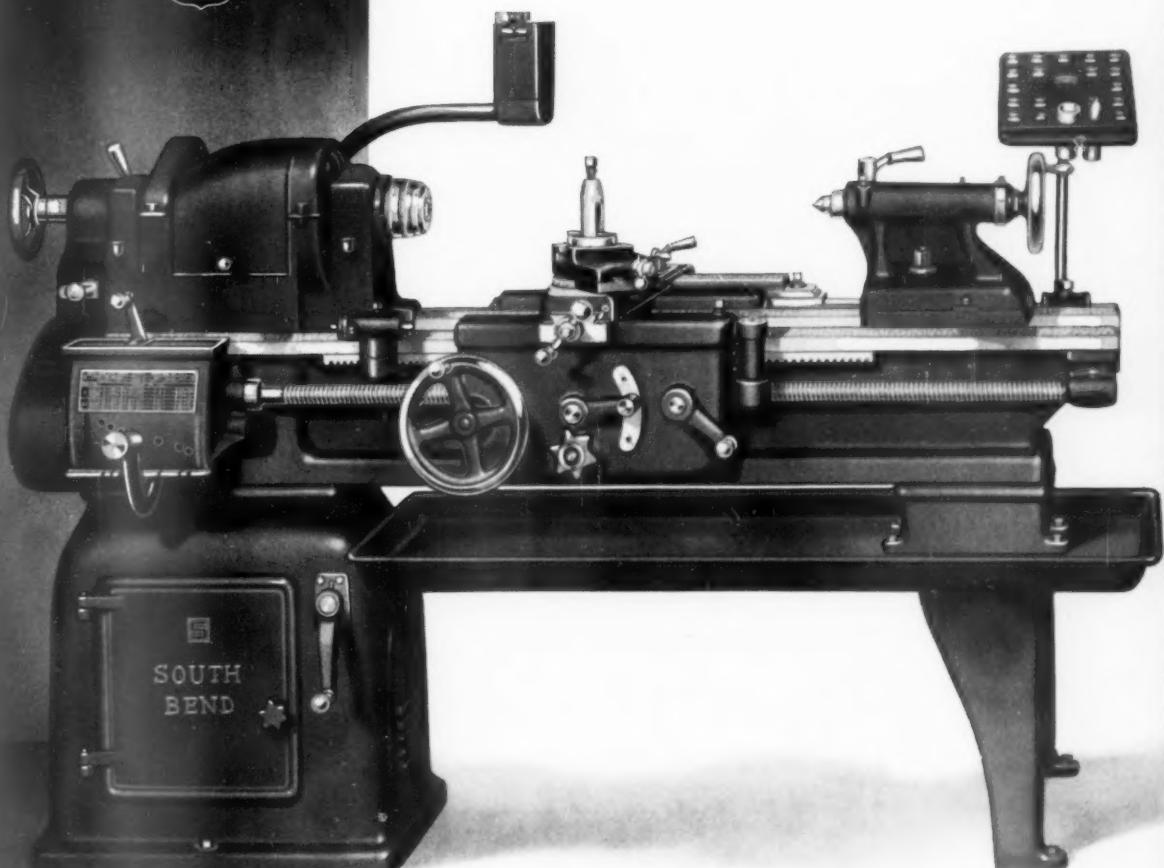
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THE ROAD OF THE SUPER CHIEF AND CHIEF

I could, of course, mention the old age pensioners and the reliefers, but these have been so blatantly militant and so out in the open that their activities are pretty well recognized by everybody for what they are—boldly powerful political pressure groups which crack the whip over Congress and the various legislatures.

What, in the main, is the effect of this so-called people's lobby?

The answer is two-fold:

First, the net result is a heavy increase in taxes.

Second, the smaller governmental units are dumping the costs of these special services upon the state and federal governments.

The first result is so obvious that it needs no further elaboration, but the second requires some explanation.

While dumping may occur in many ways, the principal drive of the localities is to get rid of the following costs: highway construction and maintenance, education, pensions, and relief. In the past session of the Wisconsin legislature, the county boards' lobby succeeded in driving a law through the legislature which gave the counties of the state an additional \$5,400,000 for the biennium. This money was to be used for highway purposes only, and was intended to give the county boards an opportunity to cut their real estate taxes.

Little help for taxpayers

MANY of the counties did, in fact, cut their budgets. Others, however, had just that much more to spend and the real estate taxpayer is no better off. On the other hand, the state treasury is poorer by more than \$5,000,000 in the face of a budget which was \$20,000,000 out of balance when the legislature adjourned.

Another bill passed by the legislature would have relieved the counties of an additional five per cent of the local relief load, and a third measure would have relieved the counties of an additional five per cent of the pension burden.

Nobody denies that the local authorities are at their wits' end to find enough money to keep going, but this dumping is begging the question. So long as the local authorities have to pay a goodly portion of relief and pensions, just so long will it be possible to keep some sort of a ceiling over these costs. Were the state and federal governments to bear the whole load, the drive on the part of the local units to "certify" everybody in sight might be difficult to resist.

There is still another angle to this dumping question that is often overlooked. The more hands the taxpayer's dollar has to go through before it reaches its beneficiaries the more

attenuated it becomes. Main, regional, district, and local offices all take their toll of administrative costs, so that money which the federal Government doles out may have shrunk 50 per cent by the time it reaches its final destination.

If John Q. Public ever thinks this problem through, he will know that dumping is not the answer, but that a vigorous swinging of the axe holds out hope. In a democracy like ours, fiscal efficiency is difficult to realize, but there is no need for quite as much waste of public funds as does exist.

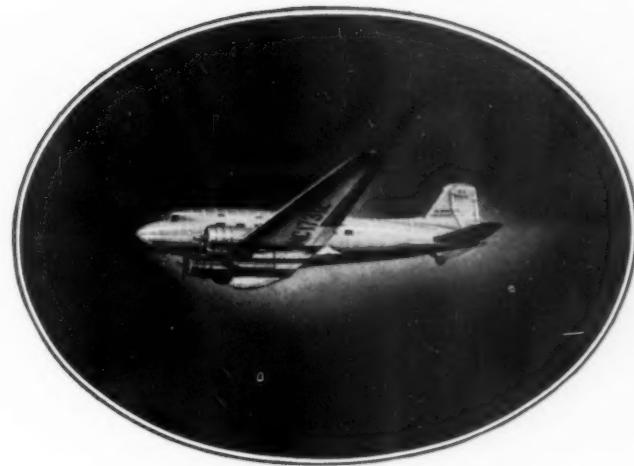
Careless with public money

TOWNSHIP officers, city councilmen, county board members, legislators, and congressmen have gotten into the bad habit of being careless with the public's money. A committee which could take care of a special task in one day may meet two afternoons and charge the county for two days *per diem* fees and two days expenses. A jury which reaches a verdict in the afternoon will stall along until six so that an extra free meal may be eaten. These are mild samples of a state of mind and have no relationship to the out and out corruption and graft which are something else again.

I would like to see a people's lobby organized which will put pressure upon all branches of government from low to high in the interests of real economy. I would like to see this lobby differentiate between essential services and luxury services, and between businesslike, economical administration as contrasted with wasteful and dishonest handling of the public's money.

Wisconsin has a taxpayers alliance which has been concentrating its efforts on getting the real estate tax rate reduced, but hasn't said enough about the elimination of unnecessary waste in government. After listening to one organizer make a speech on tax reduction I got the impression he was less interested in better government than in "running a racket" for the purpose of insuring himself a good job collecting "dues," most of which he might be able to keep for himself.

If all the pressure groups which infest legislative halls could be eliminated, this country would have far better government. But, human nature being what it is, with elective officials eager to be reelected, the only way for the rank and file of the public to get results is to convince these officials that special pressure groups have no political following worth while. Individual letters by individual voters, multiplied many times, are the best lobby the people themselves can employ.



Equitable Life recognizes SAFETY IN THE AIR

Colonel Edgar S. Gorrell, President
Air Transport Association
Chicago, Illinois

My dear Colonel Gorrell:

It has been the privilege of the Equitable Life to make many advances in the business world but none gives me greater satisfaction than our recent recognition of the progress made by the Air Transport Industry.

The Equitable has removed all restrictions in life insurance coverage on fare-paying passengers flying on scheduled airlines within the United States.

In making this announcement, we cannot take credit for being adventurous, because the advance in aviation safeguards has been such as to remove those elements of hazard which might appreciably affect the risk.

Please accept my congratulations to you and all members of the Air Transport Industry on establishing such an efficient and dependable form of transportation.

Faithfully yours,

Thomas I. Parkinson, President
The Equitable Life Assurance Society of the United States

FOR THE RECORD: In 1926, the first year of scheduled flying in this country, 5,782 brave souls traveled in small, single-engine planes.

In 1940, giant multi-motored airliners will carry more than two and a half million men, women and children well over one billion passenger-miles.

From the beginning, insurance statisticians have continued their slow unbiased recording of the figures upon which premiums are based.

When trip insurance was first issued to the air traveler, he paid a dollar for \$5000 coverage. Today, he pays 25 cents, *the same as for a trip by rail.*

And now that the Equitable, one of America's most progressive life insurance companies, has announced its new policy, the fact is confirmed that air travel is today a commonplace mode of transportation.

AIR TRANSPORT ASSOCIATION
135 S. La Salle St., Chicago, Illinois

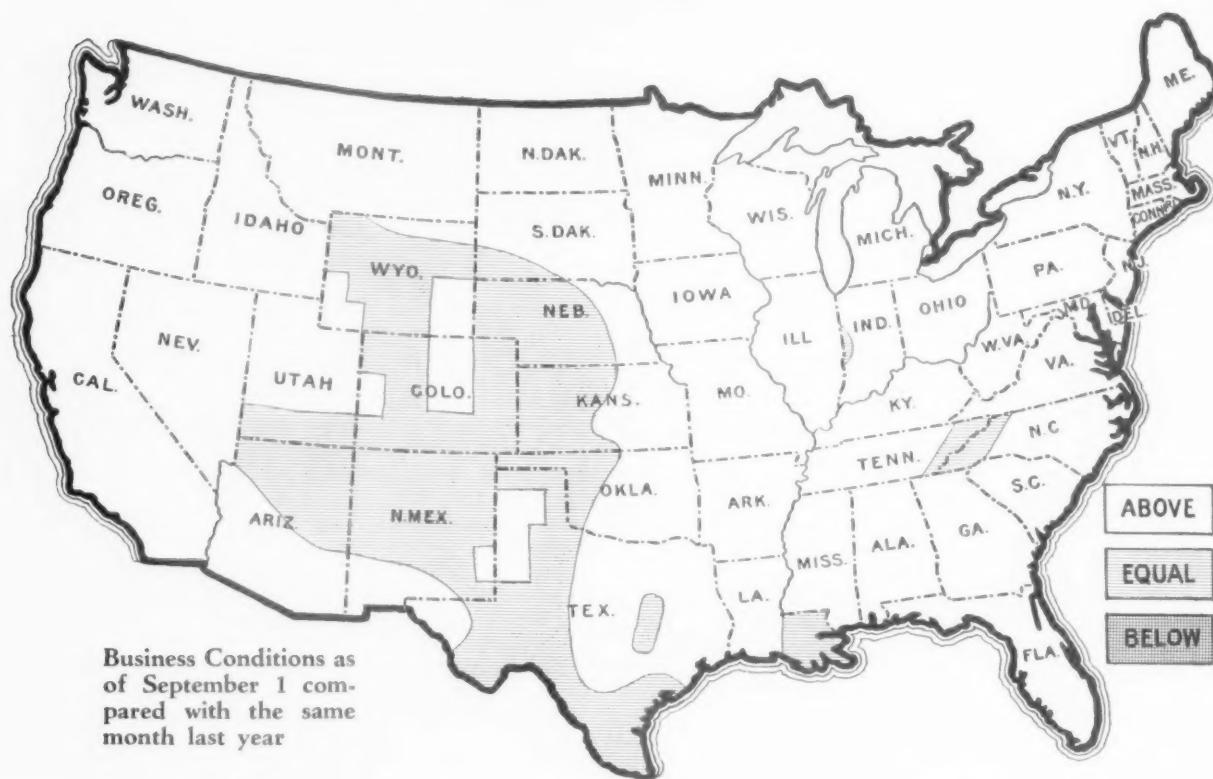
This educational campaign is sponsored jointly by the 17 major Airlines of the United States and Canada, and Manufacturers and Suppliers to the Air Transport Industry.

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AIR TRAVEL IS NOT EXPENSIVE . . . in many cases it costs no more than fastest first-class ground transportation when all expenses are considered, many times even less. And flying saves hours, days and even weeks of productive time, depending on the length of the trip.

The Map of the Nation's Business

By FRANK GREENE

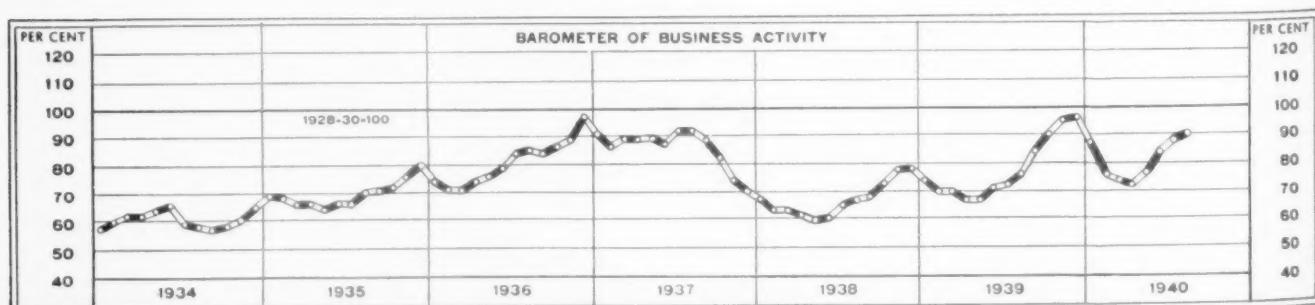


AUGUST recorded continued industrial expansion as rearmament forged slowly ahead. Steel production ran more than 90 per cent of capacity, the third highest in history, and 42 per cent above August, 1939. With backlog accumulating, aircraft and machine tool plants were handicapped by shortage of trained help. Railway earnings improved while equipment orders and car loadings reached the year's peaks.

Production of new model automobiles got under way slowly. Bituminous coal consumption was sustained by industrial demands while electricity output reached the largest monthly total on record. Engineering awards held well above 1939, aided by defense construction and small home building.

Commodities were weak in the early weeks but strengthened considerably toward the month's end. Late improvement likewise helped the dullest August stock market in 22 years. A sharp uplift in wholesale and retail business reflected expanding consumer purchasing power.

Improved crop prospects and continued industrial activity have helped to lighten the Map for this month



Industrial activity was well maintained during August. Although gains were narrowed, the trend continued upward, lifting the Barometer to the highest level since December



Harvey S. Firestone, Jr.

Leaders in the March of Business



Logan G. Thomson (right) at Cincinnati ball park



HARVEY S. FIRESTONE, JR., vice president of The Firestone Tire & Rubber Co., marked the celebration of his company's 40th anniversary by "demonstrating publicly for the first time the manufacture of tires made with synthetic rubber in regular production at the company's World's Fair tire factory at New York City." He pointed out that his company had supplied U. S. armed forces with synthetic rubber tires as far back as May, 1933.

Logan G. Thomson, president of The Champion Paper and Fibre Company, whose new paper mill for the manufacture of paper from southern pine in Houston, Texas, marks another milestone in the development of this comparatively new industry for the South. Machine coated, bond, envelope and tablet papers will be produced in the mill and \$400,000 will be added to the present Houston pay roll.

George A. Martin, president, The Sherwin-Williams Co., paint and chemical manufacturers with headquarters in Cleveland, announced his company's plans for spending \$4,500,000 in a five-year plant-expansion program. Purpose was expectation of good business ahead and further protection against any possibility of imported raw material shortage although the plant is almost completely self-contained in this respect due to its extensive research developments.

E. H. Little, president, Colgate-Palmolive-Peet Co., told reporters who were curious to know how American firms were doing in Europe, that his company has written off as total loss only the unit in Poland and that most of the others dotted over Europe are operating and showing a profit. He stated that a third of the company's total profits last year were in foreign markets, but they would be satisfied with much less this year.

Guy S. Vaughan, president, Curtiss-Wright Corporation, is to build a new factory near Cincinnati for the manufacture of 1,000 Wright Cyclone engines a month. Mr. Vaughan said the plant would be completed within two months and that his company had increased production 300 per cent since beginning of the war and hired 16,496 additional employees.



Alva Bradley, George A. Martin, Tom Girdler, Chas. E. Denney



WIDE WORLD
E. H. Little

ACME
Guy S. Vaughan

HOW EXECUTIVES CAN HELP EMPLOYES WHO NEED LOANS

IS IT a problem to know what to do when an employee needs a loan? The chances are that your company makes few if any loans to employees. Your directors probably feel that a special organization can better cope with the problems of family financing. What organization shall this be? Where shall you send employees who must borrow?

Loans for small borrowers

For years the Russell Sage Foundation—an impartial, socially-minded group—has been making a study of the small borrower's credit needs and how to meet them. The recommendations of the Foundation have been incorporated in the small loan laws of most industrial states. These laws make possible the modern family finance company such as Household Finance.

At Household Finance the responsible worker can borrow up to \$300 largely on his character and earning ability. He needs no bankable security, no guarantors or endorsers. No wage assignment is taken. The law regulates the transaction for the borrower's protection. Last year Household Finance made over 800,000 loans to workers in all branches of industry.

Borrowers at Household repay their loans in convenient monthly installments. Each borrower may choose the schedule which best fits his own needs and income. Here are some typical loan plans.

AMOUNT OF CASH LOAN	AMOUNT PAID BACK EACH MONTH Including All Charges				
	2 mos. loan	6 mos. loan	12 mos. loan	16 mos. loan	20 mos. loan
\$ 20	\$ 10.38	\$ 3.63	\$ 1.95		
50	25.94	9.08	4.87		
100	51.88	18.15	9.75	\$ 7.66	\$ 6.41
150	77.82	27.23	14.62	11.49	9.62
200	103.77	36.31	19.50	15.32	12.83
250	129.71	45.39	24.37	19.15	16.04
300	155.65	54.46	29.25	22.98	19.24

Above payments figured at 2½% per month and based on prompt payment are in effect in Maryland and several other states. Due to local conditions, rates elsewhere vary slightly.

Families learn to stretch dollars

To help families avoid unnecessary debt Household is carrying on an educational program in money management and better buymanship. Household's home economists have shown thousands of families how to get more from their incomes. Many schools and colleges now use Household's consumer publications as texts.

Why don't you send the coupon for further information about this helpful service for employees who need loans? No obligation!

HOUSEHOLD FINANCE Corporation

Headquarters: 919 N. Michigan Ave., Chicago
One of America's leading family finance organizations, with 282 branches in 184 cities

HOUSEHOLD FINANCE CORPORATION, Dept. NB-J
919 N. Michigan Ave., Chicago, Ill.

Please tell me more about your loan service for wage earners—without obligation.

Name.....

Address.....

City..... State.....

Uncle Sam, Real Estate Operator

PUBLICIZED concern of Washington Administration to provide housing in connection with industrial plants producing for national defense accentuates trend toward domination of nation's real estate. Federal Government's stake is currently close to \$10,000,000,000. Up to December, 1939, almost \$5,000,000,000 had been spent for construction or financing, and more than \$3,250,000,000 of private expenditures were guaranteed.

Amount of private property which Uncle Sam owns or holds under mortgage equals almost two-thirds of assessed value of all real estate in greater New York, more than eight times value of real property in Washington, five times that of Chicago, and four times that of Detroit.

All types of buildings

GOVERNMENT'S housing activities go far beyond erection and financing of houses and apartments. It has built or financed community buildings, auditoriums, cotton gins, factories, hosiery and grist mills, sorghum plants, canneries, barns and poultry houses, silos and hog houses—in fact almost every kind of a building from a privy to an \$8,000,000 office building.

More than 42,000 persons are directly engaged in public housing. Their pay roll is almost \$90,000,000. Their traveling expenses exceed \$3,000,000 a year. These figures do not include persons in actual construction.

So many real estate agencies are operating under the Government that it has formed a Central Housing Committee to coordinate their numerous activities.

Principal federal agencies concerned with housing are:

Farm Credit Administration
Farm Security Administration
Federal Home Loan Bank Board
Federal Home Loan Bank System
Federal Saving and Loan System
Federal Savings and Loan Insurance Corp.
Home Owners Loan Corp.
Federal Housing Administration
Federal Natl. Mortgage Association
The R.F.C. Mortgage Company
U. S. Housing Authority

Through 1939, the Government had built or financed 675,000 dwelling units. In addition, thousands of other types of structures have been erected under government auspices. The F.S.A. has built more than 43,000 units other than houses. In this group were 38 different kinds of structures—everything from a garage to a gate house. This bureau has spent \$88,-

723,000 of the taxpayers' money for construction of houses, and another \$78,000,000 in developing communities and farms.

All of this government housing is in competition with every improved piece of property in America. Much of it is tax exempt, all financed up to the hilt. The H.O.L.C. now owns 68,535 foreclosed homes. These holdings will be but a drop in the bucket to what the Government may be forced to take back should another severe depression grip the nation.

The U.S.H.A. was sold to the country on assumption that it was to be an establishment for slum clearance. That idea was the bait. It is not a slum clearance, it was never intended to be and it is not being administered with any real thought of slum clearance.

Of the 41 U.S.H.A. projects on which rents were established in April 1940, 11 involved the tearing down of not a single house, nine others involved tearing down less than 50 units. In only two did the number of units torn down equal the number built. In these projects 15,878 units were built, but only 5,027 were razed. Only 31.6 per cent as many dwelling units were demolished as built.

Housing authorities!

MORE than 450 housing authorities are scattered throughout the country. Nominally independent, they are responsible to the U.S.H.A., which deals out the cash. Its Washington office turns out pamphlets, books, and press releases by the ton, and sound pictures by the mile. It vigorously promotes the formation of new housing authorities in order to be in position to build in every county in America, slums or no slums.

Despite the acute necessity for more taxes to finance national defense, its evangelists clamor for another \$800,000,000. They want to use the money now to build homes for munition workers. They argue that attractive houses built with taxpayers' money are the nation's first line of defense.

Philosophy back of the U.S.H.A. is a real danger to our institutions in that it menaces private property. It imperils our whole democratic system, a tenet of which is the right to own property. No man can compete with Government. The U.S.H.A. uses the taxpayer's money to finance competition which may ultimately extinguish him as a property holder.

RUFUS S. LUSK



To give you a candid view of itself, this telephone wears a transparent dress. Shown cut away, so you can see still more detail, are the transmitter (the part you talk into) and the receiver (the part with which you listen).

Now look INSIDE your telephone



"You'd never guess this one. It says our telephone has 248 parts."

"And think how seldom it gets out of order!"

To Americans, telephoning is second nature. They do it 94,000,000 times a day. To them, who thus conquer space and time, telephones are a commonplace — these familiar instruments, gateways to 21,000,000 others in the homes and offices of this land.

Making Bell telephones so well that you take them for granted, is the achievement of Western Electric craftsmen. It's what they have learned in doing that job for 58 years. It's the way they make cable, switchboards, vacuum tubes, all the 43,000 designs of apparatus for the Bell System. The excellence of their workmanship thus plays a part in your daily life.

Western Electric *... is back of your
Bell Telephone service*



Wellington Burt lives in a Lumber Association laboratory house

A LOCAL chamber of commerce that led the way to reduction of the community relief burden and a national trade association which lent material aid in the marketing of low cost houses were honored last month when a representative of each received the John N. Van der Vries award for the most successful achievements in group welfare accomplished last year by a trade or commercial organization.

The awards were established by the National Institute for Commercial and Trade Organization Executives and presented at its eighteenth annual session at Northwestern University in Evanston, Ill. The honors were created in memory of John N. Van der Vries, a

former United States Chamber of Commerce official, who played a large part in the life and existence of the institute which is a summer school where organization secretaries pool their experiences and endeavor to improve their abilities for serving the different groups they represent.

William H. Book, executive vice-president of the Indianapolis Chamber of Commerce, was the winner for his group with a presentation of the Chamber's part in cutting local relief costs. He told how the governmental research

Van der Vries Award Winners

department of the Indianapolis Chamber started a private investigation of the relief administration and found that at least 50 per cent of the 100 cases examined were not entitled to relief in the estimate of Chamber officials. They found on the relief list, for example, the janitor of an apartment building and men who were employed in other ways; that many relief recipients were failing to call for surplus commodities; relief supplies were not being bought "at the lowest available prices" as required by law; favoritism in purchasing supplies; duplication of investigating services by more than half a dozen different agencies.

Among the more annoying disturbances to the Indianapolis taxpayers were long winter weeks when snow and ice covered the streets when it was



William H. Book, Executive Vice-president, Indianapolis Chamber of Commerce

"Unforeseen events . . . need not change and shape the course of man's affairs"



The Case of the Disappearing Coal

Something was radically wrong . . . \$300 worth of coal was disappearing mysteriously *every day*. The chief plant engineer was puzzled. His whole force was stumped for a clue.

The case was turned over to a Maryland boiler inspector. He ordered the fires drawn, the boilers opened up to cool. Cautiously he crawled into their dark maws to find twenty-two boilers delivering only forty-five percent of their normal

power . . . yet demanding a full ration of coal!

Solved: the mystery! Saved: thousands of dollars in fuel! Sidetracked: a costly order for 10 additional boilers!

The regular inspection service which accompanies Maryland boiler insurance often uncovers savings that pay for the insurance itself! Available to factories, utilities, institutions and homes. Maryland Casualty Company, Baltimore.

THE MARYLAND

The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland Casualty agents and brokers can help you obtain protection against unforeseen events in business, industry and the home.



debtor's
**Everybody's Business
 is Your Business**

Certainly you have a "financial interest" in your debtor's business. And your stake is probably heaviest in the firms which owe you money for merchandise — the very ones which are using your capital without security.

What is their obligation worth if they meet with disaster — go into bankruptcy or receivership, reorganize under the Chandler Act, succumb to a local disaster? These are ever-present risks which no executive can prevent or control, but you can make provision for them by covering receivables with

American Credit Insurance

Reimbursement for credit losses is the primary function of American Credit policies. Past due accounts are also liquidated. And inhibiting fears are removed when credit is extended on a guaranteed basis. This, in turn, fosters sounder selling.

American Credit has protected Manufacturers and Jobbers for 49 years. Today this company offers ten basic policy forms, all of them thoroughly modern. Ask for information.

American Credit Indemnity Co. of New York

J. F. McFadden, President · First National Bank Building, Baltimore

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OFFICES IN ALL PRINCIPAL CITIES OF UNITED STATES AND CANADA

thought that a great number of the needy would have been more than willing to help clear them if a proper work program had been in effect.

Presentation of the evidence collected by the Chamber led to further home investigations by reporters of the Indianapolis News which verified the Chamber's conclusions. Other papers soon demanded action and a grand jury investigation then led to indictments against the principal relief administrator, one of his assistants and several vendors of supplies.

The committee went before the county Tax Adjustment Board with its demonstrable facts showing waste in the administration of poor relief.

The Board later fixed tax rates sufficiently high to provide only about two-thirds of the amount previously spent, and said that such a sum should be sufficient and no further bonds should be needed.

Today Center township's relief load is not only reduced, but upon a pay-as-you-go basis in comparison to the \$1,000,000 a year bond issues which were floated annually from 1934 until this year.

Wellington R. Burt, assistant forester of the National Lumber Manufacturers Association, presented his group's claim for distinction and won first award for the trade association prize.

Costs cut for small homes

HIS group set up a National Small Homes Demonstration in 1937 to encourage home building in the \$2,000 to \$4,000 cost range.

Eight houses within this price range were built in a laboratory community near Washington, D. C. and a "dollar a day house" was constructed at the New York World's Fair.

Unceasing promotion and publicity led to formation of 16 similar regional small homes foundations covering 35 states. Results show that the cost of construction of small homes has been cut 20 per cent and much waste has been eliminated by using standard materials of standard size.

Equipment manufacturers have designed and placed on the market small scale equipment of good quality for small home use at less cost than ever before and the public has been sold on the idea that it can buy a house within each family's income.

This year the association increased its program by arranging a meeting between officials of the various interested government agencies and important elements in the building industry to encourage the building of small farm homes—a field that has been almost entirely neglected in the past.

Judges of the winning presentations were James S. Kemper, president, Chamber of Commerce of the United States; Franklyn Bliss Snyder, president, Northwestern University; Ormond F. Lyman, president, National Association of Commercial Organization Secretaries; Earl Constantine, president, American Trade Association Executives; Charles M. Thompson, Dean, College of Commerce and Business Administration, University of Illinois.

Pennsylvania Harvests Jobs

RESULTS of Pennsylvania's Job Mobilization Program, in evidence after five and one-half months' trial, include provision for 100,000 men and women in private employment, with savings of millions of tax dollars; stimulation of \$100,000,000 in new construction and plant maintenance, and expenditure of \$80,000,000 for home modernization; encouragement of communities toward reopening of closed mines and factories; promotion of local efforts to win new industries; laying of groundwork for future retraining of displaced workers; reenergizing vocational education; demonstration of worth and power of constructive resources of people applied through cooperative effort.

Program originated in concern of substantial citizens to ease relief load, averaging \$371 a year a case by getting needy families back on private pay rolls. Annual relief cost had risen to \$132,000,000, 58.2 per cent of general fund expenditures. Cost of direct relief alone was \$8,805,482 a month. Joint State Government Commission, non-partisan board of legislators, concluded that fiscal situation could be saved only by reducing relief burden, saw employment of beneficiaries as most promising means.

Commission and State Administration turned to business community for ideas and organization. Upshot was appointment of Walter D. Fuller, Curtis Publishing Company's head, as leader. Major planks in his platform:

1. That the "grass roots" methods be applied and the solution found in the local knowledge and responsibility of unemployment, relief and taxation.
2. That business be encouraged and stimulated in every proper way so as to create jobs in private business in contrast to temporary expedients such as "give-a-job" pleas or high-pressure ballyhoo.
3. That no one be misled into expecting a miracle, but that the campaign be an honest and hopeful effort to do as much good as possible, in view of the business recession and other handicaps.

Campaign opened in Harrisburg, November 15, 1939, enlisted 10,000 workers in drive up to May 1, 1940.

Contact with conditions was made through committees in 67 counties which communicated relevant facts to cooperating groups in villages, towns and cities. Employers were vigorously canvassed with view to current and future expansions of pay rolls through plant enlargement, maintenance work, elimination of overtime, advancement of building commitments, more spirited selling.

Headquarters and field staffs were directed by William A. Hemphill, Philadelphia management engineer.

Haul More!



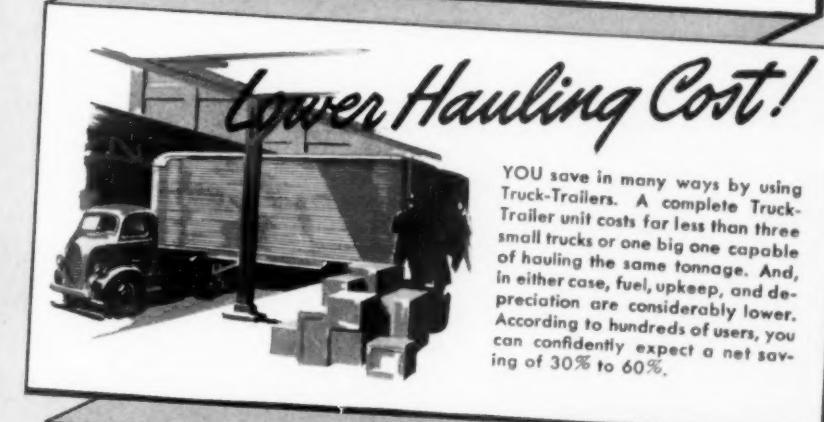
JUST as a horse can pull far more than it can carry, so too can a motor truck. Used as a mechanical horse and coupled to a Fruehauf Trailer—the modern wagon—a truck can easily pull three times the load it can carry. Thus, one Truck-Trailer unit does the work of three "pack-horse" trucks.

Get Around Fast!



A TRUCK-TRAILER unit is as easy to handle as any one of the 3 trucks it replaces—is far easier to handle than a single big truck of equal capacity. The Truck-Trailer is "hinged-in-the-middle", permitting the Trailer wheels to cut in on turns. The turning radius of the complete unit is the same as that of the short wheelbase truck which furnishes the power.

Lower Hauling Cost!



YOU save in many ways by using Truck-Trailers. A complete Truck-Trailer unit costs far less than three small trucks or one big one capable of hauling the same tonnage. And, in either case, fuel, upkeep, and depreciation are considerably lower. According to hundreds of users, you can confidently expect a net saving of 30% to 60%.

Save In Other Ways!



WITH one truck you can handle several Fruehauf Trailers. The load-carrying Trailer is quickly detachable from the truck, which means that you simply leave one or more Trailers to be loaded or unloaded and put the truck to work doing a full-time job of pulling first one and then another of the Trailers ready to be moved. Business men in scores of industries have proved that this "shuttle" system is a source of real savings.

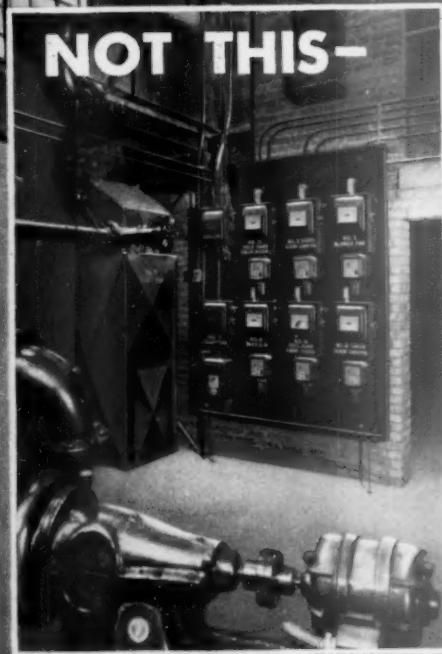
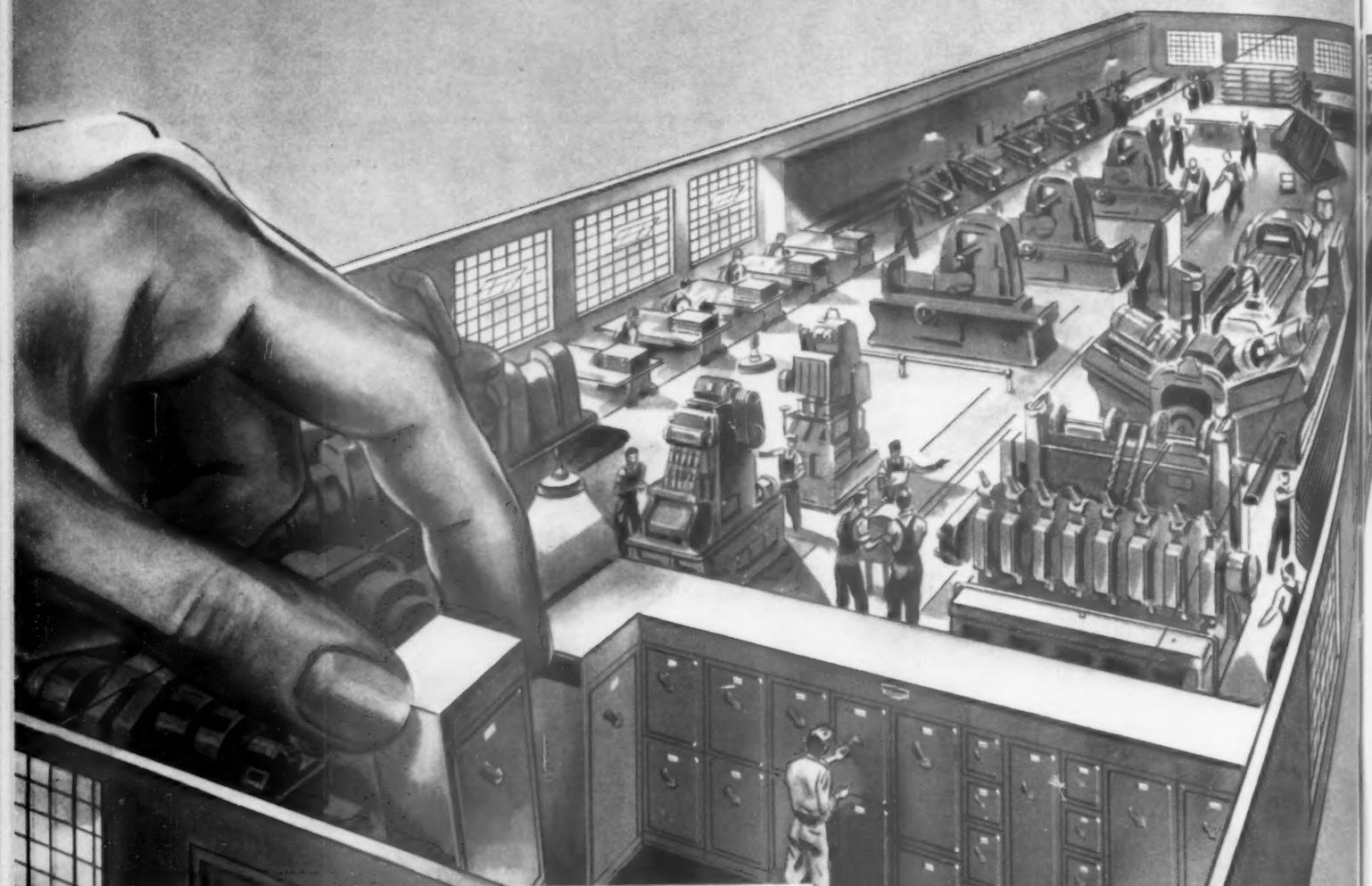
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FRUEHAUF TRAILERS

"Engineered Transportation"

FRUEHAUF TRAILER COMPANY • DETROIT, MICHIGAN

NEWS..AN IMPORTA



NT ANNOUNCEMENT

to All Users of Motor Control

**CUTLER-HAMMER LEADS AGAIN... TO MARK ANOTHER
MILESTONE OF ENGINEERING PROGRESS**

UNITROL

TRADE MARK

UNITROL

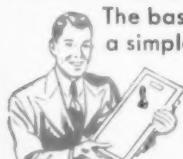
Sectionalized Motor Control

Unitrol is a new idea in Motor Control. It is a new unit type of standardized Motor Control construction which permits all needed types of control devices to be easily organized into a complete enclosed sectionalized Motor Control Center... making it just as big or just as small as your present needs require. It is easily, quickly and economically built up, without special engineering, containing just the individual controllers, disconnect switches, and accessories you specify.

Unitrol comes to you complete... either with all wiring, busses, supports, terminals and interconnections already made... or with provisions for wiring it "on the job". It may be changed, extended, or contracted later on, just as easily and economically as it was first built up. It saves space, time, trouble, worry, and inconvenience up and down the line; and its installed cost is less than the cost of any "home-made" substitute.

1st... The Unitrol Unit

The basic element of Unitrol is a simple unit mounting-frame into which any standard control device may be bolted. This unit frame has integral with it a hinged cover or door which may be blank, or arranged for either dead-front manual or push-button operation of the device enclosed.



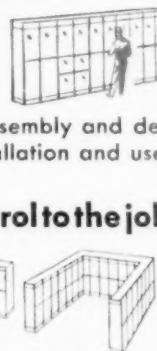
2nd... The Unitrol Section

The Unitrol Section is a steel enclosure which houses and supports a group of Unitrol Units. It is constructed of standardized interchangeable members to form the sides, top and back... with unique provisions for bus supports, wiring troughs, conduit or duct entrances, etc.



3rd... The Unitrol Control Center

A Unitrol Control Center consists of a grouping of Unitrol Sections fabricated into a complete sectionalized assembly and delivered ready for installation and use.



Unitrol...Fits control to the job



Unitrol permits your control installation to be shaped at will... in a straight line, an L-shape, or a U-shape in which case it literally forms its own control room. In some instances, controls may be mounted back to back in the same section... resulting in a space economy hitherto undreamed of! And the individual control unit with its door frame forms a brand new time, cost, and trouble-saving "built-in" control for builders of motorized machines.

UNITROL

Solves many problems

DESIRABLE. Unitrol brings to your control all the simplicity and flexibility of the modern filing cabinet idea. It offers standardized uniformity, appearance and economy. It is the control of tomorrow... ready for today!

ADAPTABLE. Unitrol is a boon to builders. Its known dimensions and predictable costs permit intelligent planning, with no fuss or worry about placement of conduits in concrete. Unitrol fits right into the job, and can be revamped, changed or extended later with ease.

LOW COST. With Unitrol, there is no supporting structure to fabricate; no floor or wall preparation; no special engineering. Unitrol saves space and building alterations! One recent Unitrol installation put 132 motor starters into the same space which could not accommodate more than 50 conventional starters of the same rating.

Write for this book

A new book... "Unitrol...the next step forward in Motor Control," tells the whole important story. Gives full description of Unitrol, its many uses and amazing advantages, its construction and specifications. Profusely illustrated. Sent free by request on your business letterhead. Write for your copy today. CUTLER-HAMMER, Inc., Pioneer Electrical Manufacturers, 1251 St. Paul Avenue, Milwaukee, Wisconsin.



Copy. 1940—Cutler-Hammer, Inc.

THE MODERN SECTIONALIZED CONTROL CENTER

Consider the Lillys—They Toil

(Continued from page 60)
turn out medicines on which doctors and druggists could rely.

A small steam engine puffed away to turn his drug mill. The engine had been salvaged from a boat that tried and failed to navigate White River, leaving Indianapolis stranded forever with the arid brag of being "the largest city in the world not on navigable water." But the engine navigated fine for the Colonel, along with other simple equipment for making fluid extracts, elixirs, syrups and so on. Young Josiah K. built fires, washed bottles, delivered packages.

Colonel Lilly felt lucky when eight months' sales reached almost \$5,000. Within a couple of years they mounted to \$30,000 a year. In 1881 he formed a joint stock corporation, capitalized at \$100,000.

Now he had a good business, considerable money and some extra time. So he looked about for a hobby, as his descendants have done since. He found one easily. In that decade the Hoosier capital was still a mud hole, with 95,000 people sloshing around, up to their shoe tops after every rain. The city fathers wore hip boots and refused to rouse to the need of cobblestones. The Mayor had little power save to chastise petty offenders.

For civic improvement

COLONEL Lilly picked on civic improvement for his hobby. He interested a group of business men who formed the Indianapolis Commercial Club, with the Colonel as president. They got a charter approved for a new municipal government that worked. Then they started to dig the Hoosier capital out of the mud. Two blocks of paving extended shortly to several hundred miles. Under the Colonel's direction, the club obtained sewage systems, parks, grade crossings.

Then he decided that Indianapolis should have a tall building for the Club. "At least eight stories, with elevators." Some of the members doubted whether elevators would work, but the Colonel donated \$1,000 to the building fund to say they would. His public service hobbies also included getting gas for the city during the natural gas boom, endowing a children's hospital, and heading a relief committee for 5,000 victims of the panic of 1893.

Meantime the second Lilly generation, young Josiah K., progressed from office boy to graduation from the Philadelphia College of Pharmacy, to head of the Lilly laboratory. The title meant little at first, because he was also his own one-man research force. However he soon acquired a chemist, botanist and pharmacologist. He experimented so enthusiastically that he almost killed himself. He took a dose of false bugle weed and was found stretched out on the laboratory floor, but was shortly revived. To his independent research goes credit for establish-

ing standards for the more important fluid extracts and tinctures then manufactured.

Josiah K. took over the presidency of Lilly's in 1899, after the Colonel's death. From that time dates rapid progress in both research and expansion to meet a hurried, new century. The Lilly laboratories have grown to 1,000,000 square feet of floor space, and the plant covers four city blocks. A farm near Greenfield, Ind., is given over to antitoxins and serums. There is a branch research laboratory at Woods Hole, Mass., a manufacturing plant at Basingstoke, England, and distributing branches in China, India, South America, besides distributing centers in New York, Chicago, Kansas City, St. Louis and New Orleans.

The development of insulin for general use is the proudest achievement of the firm of Lilly. Lilly men worked hand in hand with Sir Frederick Banting of Toronto, who, with Prof. J. J. R. Macleod, discovered the magic weapon against diabetes. Sir Frederick told of their aid at the dedication of the new laboratories. When the first report of insulin was made in 1921, Lilly sent offers to put his company's resources at the scientists' disposal. When Sir Frederick and his fellows could not make sufficient insulin for their clinical needs, Lilly sent them a supply. And through the Lilly workers themselves came the steps by which insulin was transferred from a laboratory discovery into a commercial product, available to all. They perfected a means to develop it in bulk. This work still goes on. Step by step insulin has been brought down in price until a diabetic now gets about 20 times as much insulin for his money as he did at first.

Similarly Lilly cooperated with the Harvard Committee on pernicious anemia to find how to produce a larger supply of potent liver extract.

The supplies of a drug firm come from many far corners. They range from the green corn silk of Indiana, round the globe to China, for Ma Huang, basis of the ephedrine treatment for asthma. The last war tossed drug firms into a muddle for lack of supplies. The Lillys planted their farms with belladonna, valerian, stramonium and so on. Atropine, imperative for eye examinations, had come from Germany, but it can be concocted successfully from the lowly jimson weed.

Since the war, those unsung heroes who drudge over test tubes have discovered so many substitutes for drugs cut off by war crises that the business can proceed with little trouble through the present war.

The United States Government gave Lilly and Company a distinguished service award for its work in the last war.

Now the Lilly plant in England is on hand with serums and antiseptics, new discoveries to combat war horror which are possibly the sole good results of

the last war, for it forced doctors and scientists to experiment more boldly.

Strange things pop up in the Lilly laboratory. Recently Dr. K. K. Chen, director of the Pharmacological Department, wrote round the world, asking for toads of all sorts. It looked as though the dignified Chinese was going in for a queer hobby. But it turned out that he was only experimenting. He found three new alkaloids. Nobody knows yet what they're good for, but some day they may come in handy, and the toad will figure as a public benefactor.

At the Woods Hole experimental station, Dr. G. H. A. Clowes, head of the Research Laboratories and his staff, are doing something abstruse to the eggs of the lowly sea-urchin. They want to find out what dinitro compounds do to simple organisms.

Colonel Eli, in 1888, made the first imperforate gelatin coated pills. Nowadays radio music eases the monotonous work of girls who inspect gelatin capsules turned out by a machine that can toss off 1,000,000 a year.

Ready for a new hobby

JOSIAH K. Lilly—Joe the office boy—had reason to retire with honors, ten years ago, when he reached 70. He had expanded and speeded up the firm. He had developed the research laboratory. He had attended to all the philanthropies expected of a successful Hoosier, established research work in the City Hospital, a free clinic, new hospital facilities especially for children, contributed generously to the James Whitcomb Riley Hospital for Children and the Indianapolis Symphony Orchestra; served as president of the Y. M. C. A., and on a War Loan Board which sold \$1,000,000 worth of Liberty bonds in his own plant alone.

He had two sons, reliable in the Lilly tradition. They could take over for him. Most men would have retired to a Florida beach and pitched an occasional horseshoe. But Josiah K. went quietly out after a hobby. And he rode it with all the energy he had once given to chemical research.

One day he dropped into a music store to buy records.

"Do you like Stephen Foster's music?" the sales girl asked.

"I was brought up on it," he said, and ordered all she had.

Then he began to wonder where he could get original copies of Foster songs. He wrote to a dealer and got 150 different ones, including the favorites: "My Old Kentucky Home," "Old Folks at Home," and so on. He had them played over, and found a new favorite: "Beautiful Dreamer."

Thus casually the hobby started. But Mr. Lilly soon turned on Stephen Foster the research of the scientist. He determined to uncover all known facts about the little known Foster and his songs. It



"Dad, what will cars be like when I grow up?"

NO ONE MAN, no one organization, no one industry can answer that question. The development of the car of the future is in the hands and minds of many men in many industries.

Designers of engines and engine parts. Specialists in fuels, metals, ceramics, plastics. Petroleum technologists—all play their part in the constant evolution of motor cars, trucks, buses, tractors and airplanes.

To help these men combine their efforts toward common goals the Ethyl Gasoline Corporation contributes the cooperation of its chemical and engineering research laboratories. The laboratories have their headquarters in Detroit with a special road-testing department at San Bernardino, California. Here vehicles may be tested

the year round under varying climatic conditions on an almost infinite variety of roads, over mountains, deserts and valleys. Supercharging, super-compression and other developments involving the mutual improvement of fuels and engines are tested both in the laboratory and on the road.

For the engine and its fuel must go forward hand in hand; the two are inseparably interlocked. Knowledge gained from this research is available to technologists in every branch of the automotive, aviation, and refining industries.

Informed men hesitate to predict exactly how future cars will look; whether their engines will be in front or rear; how many miles they

will travel on a gallon. But there is little doubt in their minds that the progress of the next ten years will far exceed that of the last ten; that the car your boy will drive will make even today's splendid machines seem hopelessly old-fashioned.

Ethyl Gasoline Corporation, Chrysler Building, New York City, manufacturer of anti-knock fluids used by oil companies to improve gasoline.



FOR TODAY'S CARS

This emblem on a gasoline pump means that your oil company and Ethyl have cooperated to provide a better fuel for your car.

Advertisement



Arnold Genthe

INTERNATIONAL BUSINESS MACHINES CORPORATION
World Headquarters Building, 590 Madison Avenue, New York, N.Y.

At the World's Fair of 1940 in New York

Contemporary
Science and Art
representing
the United States

... are combined in an unusual display of the talents of fifty-three painters—representing each state, territory and possession—and three hundred International Business Machines Corporation Research Engineers and their assistants.

This display will be interesting and enlightening to all who have an opportunity to visit it in the company's Gallery of Science and Art in the International Business Machines Corporation's building.

took eight years, and became one of the most noteworthy hobbies of recent times.

From headquarters in Foster Hall, Indianapolis, he sent agents to scour America and England for Fosteriana. He found a total of 201 Foster songs, 51 more than Foster's own brother had been able to discover.

The mass of data on Foster's life he turned over to John Tasker Howard for a recently published biography of the troubadour.

Popularizing Foster

MR. LILLY had the 201 songs reproduced in sheet music, exactly as they had appeared first, even to rag paper of the same type. It took eight and a half tons of this paper to print the 1,000 sets of songs presented to public libraries in America and in England, and 5,000 sets of arrangements of songs which he sent to the bands of every civilized nation in the world.

Jugoslavia expressed thanks by conferring on him the commander cross of its Royal Order of St. Sava.

Next he had 500,000 song books printed for school children, and commissioned an opera based on Foster's life.

Foster Hall, in the Lilly apple orchard, a mile north of Indianapolis, boomed with activity. The pay roll of researchers averaged \$900 a month over the eight years. Mr. Lilly advertised offers to pay for special information. One such bulletin offered \$1,000 reward for positive proof that Foster had ever visited the home enshrined to him at Bardstown, Ky.

"We believed he had visited there, from letters written by his brother," Mr. Lilly told me. "But we wanted something more definite. Most information was handed down verbally from older generations. When we offered the \$1,000 people thereabouts ransacked their garrets and smoke houses, but no one ever claimed the reward."

Thus it was established to the satisfaction of a scientific mind that Foster was a forerunner of the Tin Pan Alley minstrels who yearn for a non-existent mammy down in Dixie.

Foster and his heirs received \$20,000 in all for his songs. Mr. Lilly has never revealed how much he spent on his inquiry, but it was many times that amount.

The city of Pittsburgh stirred reminiscently and recalled that Foster had been born there. John Gabbert Bowman, Chancellor of the University of Pittsburgh, visited President E. C. Elliott of Purdue University, and mentioned the project of building a Memorial Hall to the song writer.

"We want to have in it all the first editions of his songs," he said.

"Have you seen Josiah K. Lilly about that?" asked Elliott.

"No. Why?"

"Because he's bought up everything about Foster in the world."

So Mr. Lilly found a permanent setting for the Foster collection. Two motor trucks carried Fosteriana to the hall in Pittsburgh.

Quiet settled once more over the Lilly apple orchard where, just as a sub-hobby, Mr. Lilly raises some of the best

Grimes Golden apples that hungry Hoosier ever set a tooth in.

Foster Hall, a cottage of Vermont granite, bears a bronze tablet on the door. "Dedicated to Harmony. Let No Discordant Note Enter Here." But one afternoon Gertrude Stein dropped in and there's a jangle somewhere when you link the poetess of erudite repetition with Foster, the simple singer of ballads. However Gertrude made harmony. She read the lines of "Beautiful Dreamer."

Over the streamlet vapors are born, Waiting to fade at the bright coming morn.

"America lost a great poet when Foster took up music," she said.

Mr. Lilly has another hobby now. There are 1,000 varieties of orchids in his greenhouses. He sends the blooms to friends, putting into practice Winchell's "orchid to you" phrase.

Eli Lilly, II, is now president of Lilly and Company; Josiah K., II, vice president. After business hours, when other men play golf, they attend to hobbies. Both have farms. Eli raises Percheron horses; Josiah, Guernsey cattle. Eli has reconstructed the old buildings of the Connor Prairie farm and filled them with early Indiana furnishings, including the oldest farm wagon in the state. Josiah's farm has a garden of 2,500 kinds of roses. He is also a well known bibliophile. His collection of rare editions includes original manuscripts of James Whitcomb Riley and some of the signs Riley painted when he did that for a living. There is also a copy of "Peter Pan" which Barrie gave to Maude Adams.

Archeology as a hobby

ELI, II, is a Lilly who, like his father, has gone in for uncovering America's past romance. If he were to lose his job as head of Lilly's, he could get a new one as an archeologist. Recently Butler University gave him an honorary degree, Doctor of Letters, for his many activities. Dr. M. O. Ross of the faculty said:

In addition to his business career he has found time to make a name for himself as a consequence of his distinguished literary and archeological activities. . . . Not only has he attained eminence in these fields of endeavor, but he is well known for his wise philanthropies and wide civic interest.

The Lillys encourage hobbies in their employees, too. The firm holds a yearly hobby show to which employees bring exhibits. These range from hand-made mechanical dolls to an original Rubens and a Franz Hals, which Dr. G. H. A. Clowes has brought to rest amid the corn fields of mid-America.

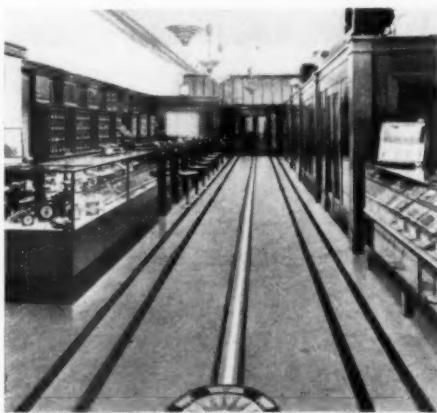
The fourth Lilly generation, J. K. Lilly, III, is beginning at the traditional bottom of the industry. He walks with conservative quiet in the pathway set by his elders. His hobby has not yet been revealed. But Indiana awaits confidently the moment when he will erupt with a branch of Lilly's in Little America or a bombardment of information on the private life of the Japanese beetle. He can't escape that strain of romantic imagination which walks hand in hand so strangely with practical business and scientific research.



How floors flatter merchandise... help build sales



Shoppers stop, look, buy when their eyes meet this smart floor of Armstrong's Linoleum in the C. P. Baur Confectionery Company, Denver, Colorado. Its gay color and smart design attract trade and form a perfect sales background for the merchandise displayed. Low maintenance is another feature that makes Armstrong Floors top choice with business leaders.



Sales-appeal for sporting goods is provided by this smart Armstrong floor in the Sporting Goods Dept. of Lemmon & Granger, State College, Pa. Your own trade-mark of special design can be inset in your business floor, like the clever compass Linoset shown at right.

Eye-appeal sells eyeglasses in this attractive showroom of the Sioux City Optical Works, Sioux City, Iowa . . . the eye-appeal of a trim, modern Armstrong floor. Not only does it welcome customers with color and style, but it also cushions their footsteps and puts them in a buying mood.



ARMSTRONG'S LINOLEUM FLOORS

Custom Laid or  Standard Designs

PLAIN • INLAID • EMBOSSED • JASPE • CORK TILE • ASPHALT TILE
RUBBER TILE • ARMSTRONG'S LINOWALL and ARMSTRONG'S QUAKER RUGS

Feast your eyes on a bookful of new floor ideas. Send for our color-illustrated book on better floors for better business, showing how all types of businesses are attracting trade with Armstrong floors. Sent free (40¢ outside U. S. A.). Armstrong Cork Company, Floor Division, 4010 Coral Street, Lancaster, Pa. (Makers of cork products since 1860)



It Seems Kipling Liked to Read Advertisements

"The next time you send me a batch of magazines," Rudyard Kipling once said to an American friend, "please don't cut out the advertisements to save postage. Cut out the stories. I can write stories myself."

We're not saving postage, but if we were, the advertisements would stay put. Here's why:

Nation's Business is published to keep you informed about business and industrial developments through both its editorial and advertising pages.

This month, for example, your expenditure of 25c has put into your hands . . .

9 special articles covering a wide range of American business activities, and 9 features which appear regularly because you and our other readers find them interesting.

69 advertisements written to present products and methods by which you can meet competition and do business profitably.

Put as much time and concentration on the editorial pages as you can afford. We love it. But remember that when you go further and read an advertisement in Nation's Business you collect an extra dividend on your subscription.

NATION'S BUSINESS
going to 348,000 men—the largest group of business buyers in America



Defense Draws New Mark for Aliens to Toe

(Continued from page 22)

offense will be deported if a place to which he can be deported can be found. The upheaval in Europe has obliterated certain of the small countries and it would be difficult to deport a man to a country which no longer exists. Countries like Norway and Denmark have purely nominal identities and not only lack the authority to accept deportees but Germany as overlord would refuse admission to Norwegian and Danish criminals. The Department of Justice might hesitate before sending a German Jew found guilty of a comparatively minor offense back to what would prove to be a German concentration camp. It has been found necessary to make a distinction between run-of-the-mine aliens and refugees. An officer of the collapsed French army landed in New York without papers.

"I came from Hell," he said, "and I don't know where I'm going."

In normal times he would have been returned. But the Pétain government in France is under the thumb of the Nazis, and is bringing charges against many of the men who fought for France. It is not probable the officer will be returned to face a firing squad because he was guilty of patriotism. All such cases must be handled individually. Thousands of men and women here on visitors' passports will not be returned to countries now at war unless they wish to go. Many such aliens could not go if they wished because of the prohibition against American ships entering belligerent areas. All aliens must register, however, visitors or not.

Many of the 10,000,000 foreign born who have been naturalized have guilty

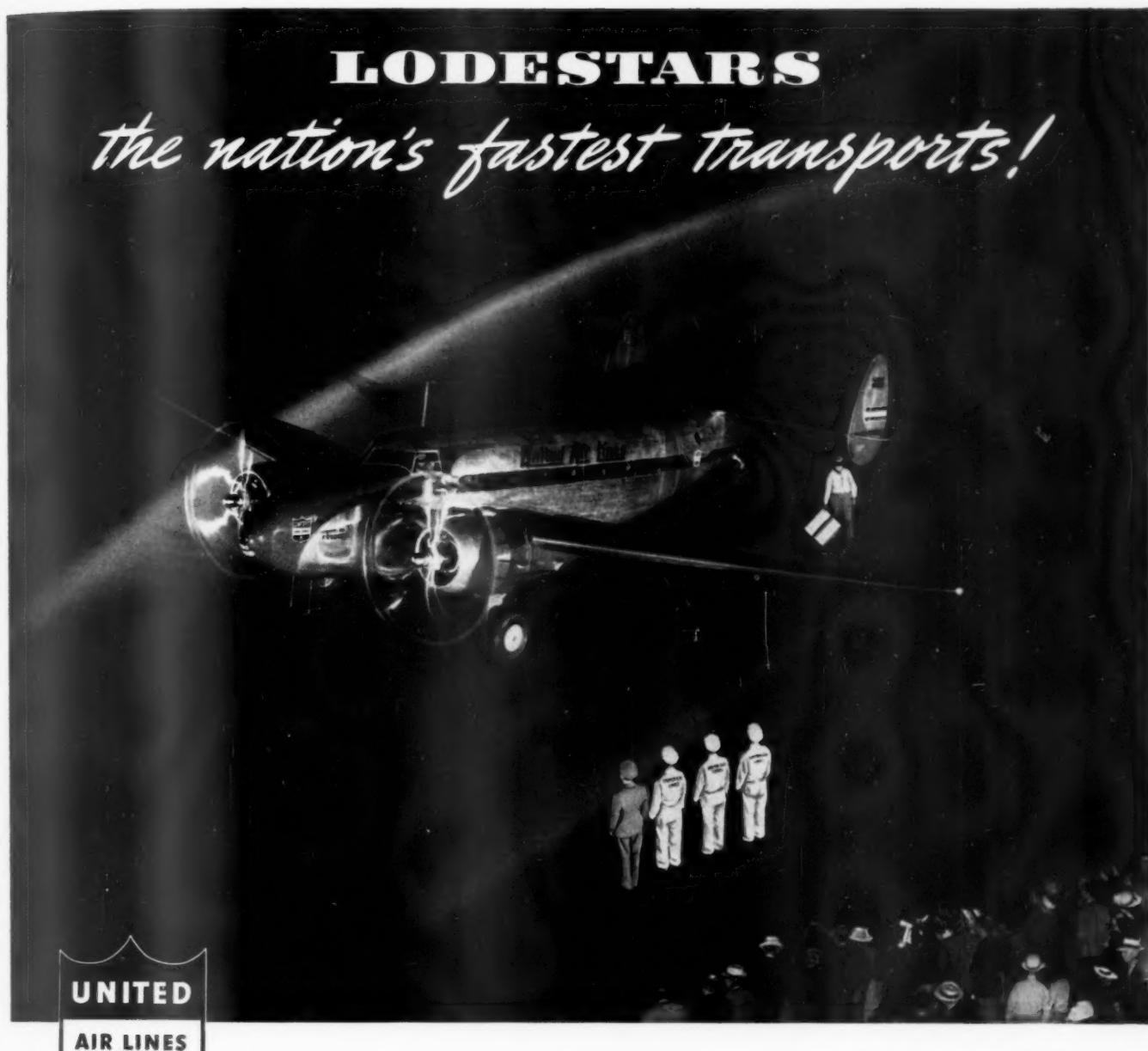
consciences. One man who had been born in Poland told the immigration officer at the port of arrival that he had been born in Brazil, because Poland's quota was full and Brazil's was not. He married and begat a family and lived happily and prosperously until confronted by the Alien Roundup of 1940. He and his wife and his friends must reply to the 15 major and 40-odd minor queries and he fears that some one will spill the beans.

But in 1924 Congress enacted a law which covers his case. He can ask that his naturalization papers be cancelled and can then apply for new papers without prejudice. Aliens who have lived in this country for seven years and kept a clean sheet are permitted to remain. Up to the present they have occupied a kind of intermediate status, being neither citizens nor subject to deportation. Under the 1940 Act they must now register.

This change in the national view of the "Melting Pot" has been a matter of slow growth. For a generation and more Americans accepted the view of Jacob Riis and his contemporaries that out of a multiplicity of racial strains would grow a great and virile nation. This theory may be supported by the event, but of recent years the great number of immigrants—there were 14,200,000 of foreign birth in the United States in 1930—has created many racial islands, with their foreign language newspapers and churches and interests, and the process of assimilation has been slow. In the past few years, attention has been



If industry is careless enough to let alien rascals in to put emery dust in the bearings, not much can be done about it



for **UNITED** a pioneer airline of the nation

UNITED AIR LINES, with new Lockheed Lodestars, now offers the world's fastest inter-city schedules.

Los Angeles is still 333 air miles from San Francisco and Omaha is still 430 air miles from Chicago, but they're "shorter" miles now. Because United's new, larger, Lockheed Lodestars cut flying time by 20%.

United's choice is based on experience gained from 175,000,000 miles of flying—a greater total of airline mileage than any other airline in the world has flown. United, a Pioneer line, again

pioneers in offering this faster inter-city service. You can breakfast at home, transact business 400 miles away, then dine at home—all in ONE day.

And you do it comfortably, luxuriously. Lockheed fourteen passenger Lodestars are *big* transports. There's ample head room, arm room, shoulder room and leg room. Every seat has a window, and aisle space too. These are the reasons that *more and more airlines all over the world are purchasing Lockheed Lodestars.*

LOCKHEED AIRCRAFT CORPORATION
Burbank • California

LOOK TO *Lockheed* FOR LEADERSHIP

Industries

grow

in Pennsylvania



The textile mill illustrated above employed 1,600 people. It was not as modern as this company's other plants, its costs were high and there was talk of closing it. The Department of Commerce of Pennsylvania closely cooperated with the company and the decision was reached to modernize the plant and invest more than a million dollars in its improvement. The company is now employing 2,400 people at this one location.

Great things are happening in Pennsylvania these days. New plants being built. Old ones expanding. Recent statistics show Pennsylvania's gains are the largest for the entire North Atlantic seaboard. This is no wartime boom: it began months before war started.

If you are going to open a new plant or start a branch, consider what you can find in Pennsylvania . . . its proximity to rich markets . . . its abundance of raw materials . . . its peaceful labor market . . . and the help the State Government is giving to business. Write to the Department of Commerce, Harrisburg, for the booklet: "Pennsylvania—Its Many Industrial Advantages."



ONE OF THE COUNTRY'S largest manufacturers of girls' cotton, rayon and silk dresses moved into an eastern Pennsylvania city early this year, found a suitable plant, started operations here, hired hundreds of operators as fast as they could be trained and now has its entire production in Pennsylvania.

Pennsylvania

where your business can expand



ARTHUR H. JAMES, Governor • RICHARD P. BROWN, Secretary of Commerce

directed to this fact by a variety of circumstances. Columnist Westbrook Pegler has named and given the records of foreign born racketeers who hold various unions in a species of slavery enforced by gun-men and stink-bombs and goon-squads. During prohibition, many of the underworld leaders were imports. Harry Bridges, unnaturalized Australian, played a part in the destructive labor disturbances on the West Coast that need not be recounted here, and Miss Perkins, as Secretary of Labor, was under constant fire for her support of Bridges and others of the same category.

Many deportable aliens

DONALD Despain, vice-president of the National Small Business Men's Association named more than 700 aliens and the offenses for which he asserted they might have been deported. He said:

Instead of deporting these aliens, Secretary Perkins devised elaborate methods to keep them permanently in the United States. By the gross abuse of this old and forgotten discretionary authority the Department of Labor has contrived to prevent the deportation of criminal aliens as specifically required by other sections of the immigration statutes.

He added that some of them had been previously deported as Communist agitators.

One consequence of the awakened public interest in the alien problem has been, to quote Attorney General Robert H. Jackson:

Legal admissions have been tightened and it may be said that the philosophy of granting permission to enter the United States has changed from one in which any one could enter unless he was known to be a menace to one in which none may enter who is not shown to be without danger to the country.

Another result has been the shifting of the Bureau of Immigration from the Department of Labor to the Department of Justice. The Justice Department is equipped to deal with legal problems inherent in the alien problem and has the disposition to do so. One of the incredible things discovered by Solicitor General Francis Biddle—at least it is almost incredible—is that the records of aliens were scattered about in 21 different repositories, each operating independently of the other. An alien in trouble in one district had only to move across the line to find himself free of suspicion so far as the Bureau of Immigration was concerned. The border guards and other aids had been reduced in number, too, in harmony with the departmental theory that the alien was not to be disturbed, no matter what his offenses might be. Mr. Despain's list of non-deported offenders may again be cited. He found that among them were men guilty of

perjury, forgery, smuggling, marriage license fraud, registration fraud, larceny, burglary, bigamy, receiving stolen goods, rape, criminal assault, procuring, conspiracy and extortion, fraudulent enlistment in the military service, manslaughter, embezzlement and illegal entry.

The Border Patrol has been almost doubled in number, Congress having au-

thorized the addition of 712 men to the existing force of 856. Both the Canadian and the Mexican borders are being closely watched, and the Border Patrol has been equipped with autogyros, 500 fast cars, 14 speed boats, 26 horse patrol units and facilities for radio communication, including radio towers at various border hot spots. The Patrol at present has the records of only 100,000 aliens who have previously violated the immigration laws but, with the registration of the 4,000,000 now in this country, the net will have been well spread.

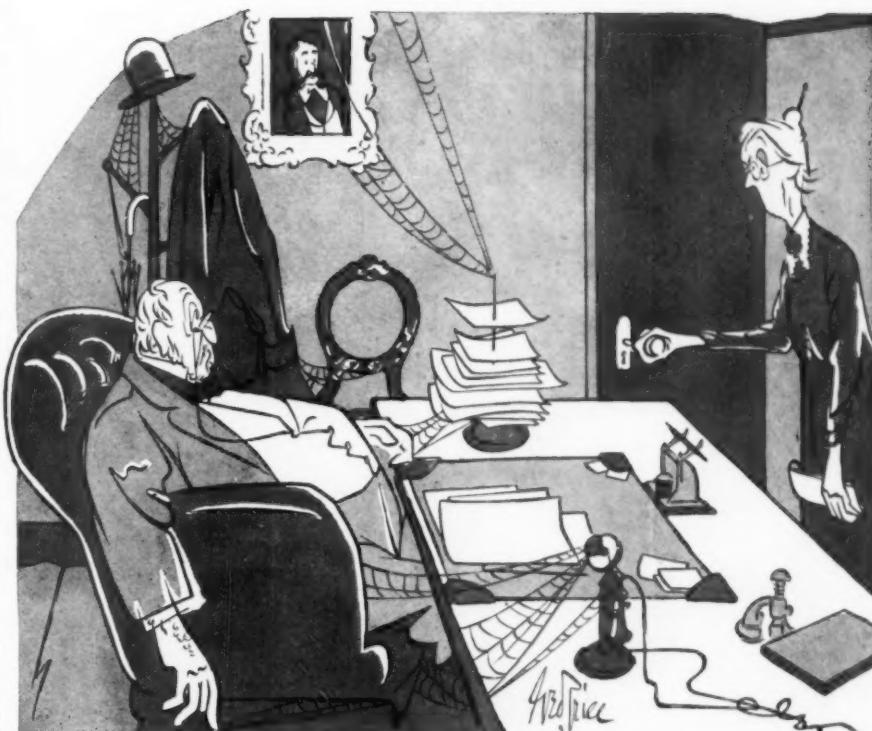
It has been the F.B.I.'s policy to maintain silence in its operations against spies and saboteurs, with the exception of the occasional newspaper and magazine articles written by Director J. Edgar Hoover. But things leak out now and then that show the F.B.I. is in touch with the facts. Attorney General Biddle says the Bureau has the sabotage matter well in hand. To make the work of the saboteur more difficult the Bureau will advise factory managements on the desirable physical set-up of their plants. That goes for the infrequent spy, too. When the New York *Herald-Tribune* revealed that a "commercial counsellor" for the German embassy was living in ornate splendor in Scarsdale and was being called upon by social and business friends it was discovered that the counsellor had been carefully watched.

Information available

A FACTORY manager who has any doubt of any one of his employees can get help from the Bureau in jig time. Director Hoover's forces were increased by 500 not long ago, especially to take care of extra work of guarding American industry. These men have been run through the Bureau's school as rapidly as feasible and most of them are now in the field. The Bureau's work will be immensely aided by the registers established in the Alien Round Up of 1940. Once upon a time it might have taken weeks to get the commonplace facts about a suspected alien. Now the federal men can start with those facts. What's more, the index cards will suggest who, among the 4,000,000 aliens in this country, might reasonably be suspected.

Another agency which will be of immense value is the Bureau of Internal Revenue headed by Elmer Irey. Mr. Irey is a calm, placid kind of a man who enjoys fishing, which is a calm and placid sport. He has an extraordinary capacity for finding out the true meaning of figures in ledgers and on checks and another equally extraordinary capacity for spotting other men who can find the hidden meanings in balance sheets. The central repository of facts about aliens which is to be set up in the course of the four months' registration period will be right across the street, so to speak, from Mr. Irey's bureau. He has a card index of his own equipped with a lot of special information. And there is not any getting away from Mr. Irey.

His men can trace an income tax statement—or even an income not accompanied by a statement—from here back to the Battle of the Argonne and, if an alien's past should be even a little bit spotty, Irey's men can find the spots.



**"YES, I KNOW YOU'RE BUSY, MISS WIGGINS . . .
BUT REALLY I'VE BEEN WAITING QUITE A WHILE!"**

BUSY? Miss Wiggins is overwhelmed! Her office still uses old-fashioned two-person dictation. In addition to typing and filing, handling phone calls and seeing visitors, she has to take dictation. It's no wonder she can't always leap like a stricken deer whenever Mr. Phipps rings for her.

Business today just can't afford the buzz-and-wait system. Hence within arm's reach of many a top-flight executive you'll find the ever-handy Dictaphone.

This modern dictating machine serves you *instantly*—at *any* hour. No need to call your secretary when you wish to dictate. And she is free to perform other secretarial work for you. You *both* get *more* work done—*more* easily.

Prove this for yourself. Try a new Dictaphone Cameo in your office. See how soon your pile of work melts away—how much more your secretary is able to help you.

Don't wait any longer. Clip the coupon and mail it *right away*!



"What's an Office, Anyway?"

Dictaphone's new talking motion picture shows the cause and cure of office bottle necks. You're cordially invited to see it at your own convenience. You'll find it an absorbing study in personnel relations. Mail the coupon below—today.

DICTAPHONE

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NB-10

I should like to see the new Dictaphone movie, "What's an Office, Anyway?" Please have your local representative arrange a showing for me.

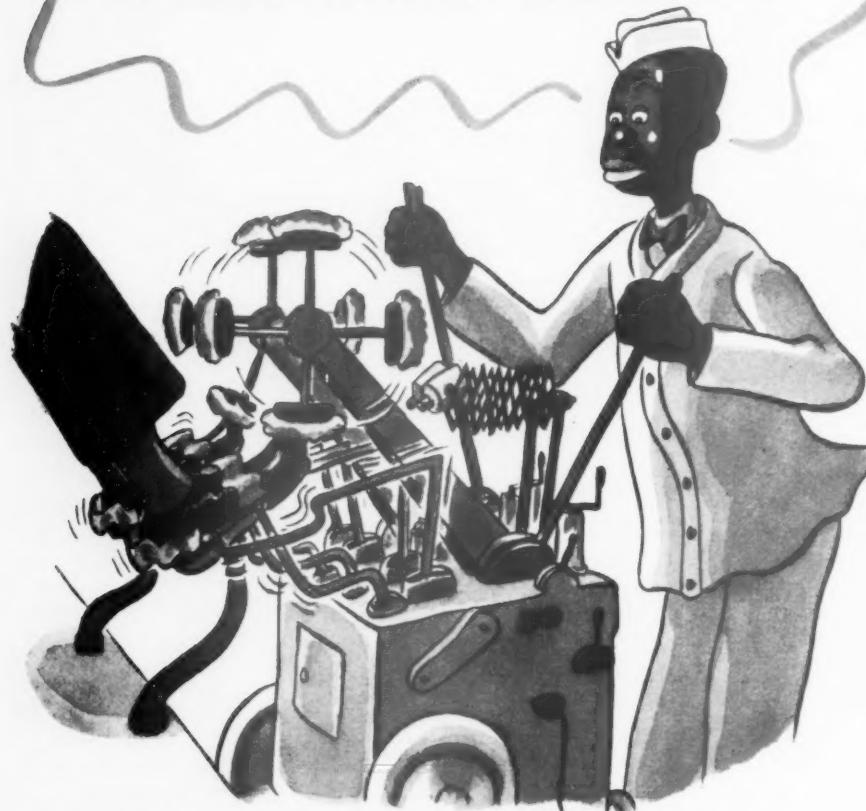
Please send me your Progress Portfolio describing the new Dictaphone Cameo Dictating and Transcribing Machines.

Name _____

Company _____

Address _____

A SHINING EXAMPLE OF TOO MUCH MACHINE



SAM, the shoe shine man, could get along fine with very little machinery—maybe only a couple of brushes. But someone has talked him into putting handicraft onto a production line and Sam has a good start towards being up against some problem. It can mean a serious loss of time and money for any business to be sold too much (or too little) machine; figuring machines for instance.

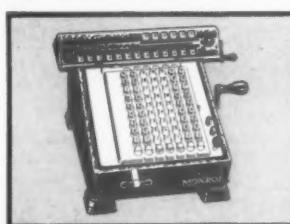
IT CAN'T HAPPEN WITH MONROE
Monroe has so many models it can fit **any** condition in **any** business. Take adding-calculators: Monroe has no less than 24 models! From the small, hand operated Model L to the great Model A-1, "master mind" of all automatic calculating machines.

And—Monroe offers practical advice, based on thousands of case histories, as to exactly which machine best fits your business.

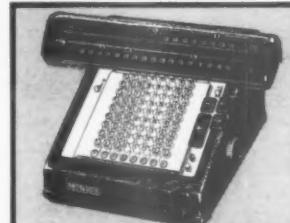
In short, only Monroe can give you the machine plus the figuring service that fits like a glove. Telephone the Monroe branch nearest to you or write to us at Orange for literature.

There is a Monroe for every type of business figuring—adding-calculators, adding-listing, book-keeping, check writing and check signing machines.

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Lowest priced keyboard adding-calculator on the market (Model L). Multiplies, divides adds, subtracts. Spot-proof keyboard. Light weight, portable and hand operated. Ideal for office figuring or use at home.



The newest Monroe (Model MA-7w). Simple and sturdy. Electric carriage shift and dials clearance. Divides automatically without pre-setting of levers. Priced to fit any budget. Economical for volume figuring or occasional use.

Then he can be deported, if, as has been said before, there is any place to which to deport him. One of the neat bits of prophecy to which this writer is addicted is that the foreign language newspapers of this country will be given a thorough going over. A clause in 1940's Alien Act permits this. If a foreign language newspaper has been subversive, Mr. Irey's men could find out where the money came from and goes to, and the rest would be easy. It should be remembered that the federal men are not restricted to the 15 major and 40-odd minor queries of the initial inquiry. They may ask anything they see fit.

A way to fight crime

IT WAS Mr. Irey's outfit, it may be recalled, which trapped Al Capone and Boss Prendergast and blazed the trail for the New Orleans rooting. His men do not carry pistols. They find ink eradicators and microscopes are more lethal.

Attorney General Jackson does not believe there are many mischief makers, "nor is there such cohesion among them, nor have they such positions of power or influence that America need be panic-stricken. Nevertheless, their presence and their aims raise some very real problems." One of these is that aliens who are disposed to be entirely loyal to the United States may find themselves subject to pressure from abroad.

Families remaining abroad are treated as hostages to assure that the emigrant will do the bidding of the old country. And there are some aliens who share the racial or national ambitions of their fatherland. All of these things make stricter alien control appropriate and inevitable.

It is necessary to observe, however, that the control of the alien is entirely a matter for the federal Government. Already some laws enacted by the Pennsylvania legislature have been declared invalid by a federal court as invading a federal field. If state laws and municipal ordinances were enacted and the local authorities attempted to enforce them, a state of utter confusion would result. If the state or local authorities were to be permitted to enforce state or local ordinances, too, politically powerful organizations might escape inquiry. In fact, on Mr. Jackson's statement, the Department of Justice is watching:

Nazi, Fascist and Communist groups and societies. It does not include, and will not include, surveillance of legitimate business or labor activities or religious movements.

There has been opposition in some quarters to the Department's action in identifying these groups and attempting to keep track of their doings. The cloak of so-called "civil liberties" has been thrown over them. However, Henry Schweinhaut, chief of the Civil Liberties Section of the Department of Justice, points out that:

There is no law of civil liberties as such. It is not a technical legal term, but it is a phrase of popular currency applied somewhat indiscriminately to a miscellaneous group of rights, interests and situations, involving such varied matters

as freedom of speech, press, assembly and the ballot, unreasonable searches and seizures, religious freedom, censorship of the arts, and minority rights in general.

Mr. Schweinhaut said that few statutes define as criminal specific violations of civil liberties. In fact only two are often called into play. One is a conspiracy statute, which is not available if a single individual does something for which he could be punished if another joined in. One man beat up another who testified against him in a Senate investigation of a labor strike, but escaped federal prosecution because he was all alone. Another statute, too, refers to the rights of a citizen and so its protection cannot be extended to aliens, political groups or associations. To be successful, too, the federal prosecutor under this statute must prove that the deprivation of rights was the purpose of a conspiracy and not merely an incidental consequence. Mr. Schweinhaut said:

The statute cannot be used against violence by the ruffian, the vigilante or the mob, whether directed against Reds, Nazis, Negroes, Jews, Catholics, soap box shouters or Jehovah's Witnesses, except where a federal right secured against individual action is invaded.

This apparent deficiency of the statutes has been cured by the Alien Act of 1940, however, so far as unpleasant aliens are concerned. Until Congress acted it was possible, as Mr. Despain has stated, to extend the cloak of governmental protection to men who should have been given the air years ago. Now they can be gotten rid of if the federal agencies enforce the law as it seems apparent they propose to do. In August a meeting was held in Washington in which about 200 state officials, including governors and attorneys general, met with the federal officials to discuss:

Protective and preventive measures relating to properties essential to the national defense.

Treatment of espionage, sedition, propaganda, mob violence, violations of civil liberties, interference generally with effective operation of law enforcement and national defense program, and civilian cooperation.

Methods for considering and exchanging proposals regarding administrative cooperation and new legislation.

Public education to secure general cooperation with federal and state governments and citizens with respect to the aforementioned objectives.

It should be fairly clear that the national attitude has changed toward the alien. If he is the right kind of an alien he is as welcome as ever. But from now on he will have to prove that he is the right kind. Congress was stirred by the possibility that the wrong kind of aliens might make trouble for American industry engaged in the defense program; for American industry as a whole, and for almost the first time took a realistic view of the situation. Men and money have been granted to make the protective program work. Industry can be assured—after the Alien Round Up is completed, December 26—that its factories can be guarded.

But industry must do its part. Without industry's cooperation, the law is just another noble experiment.

ANY BOY can make a motor

by Westinghouse



• *For a thing so important to modern life, an electric motor is an amazingly simple device. Just a few pieces of steel, iron and copper, wound with coils of wire. Any bright boy can follow instructions and make one that will run.**

• *Yet the most romantic story ever told could be written about the electric motor. It runs practically every mechanical device in use today. It turns the wheels of industry. It carries people to work from the suburbs to the topmost floors of tall buildings. It changes housekeeping from dreaded drudgery to delightful adventure. Our daily lives and livelihoods depend—more than we realize—upon the smooth, effortless spin of a thousand electric motors.*

• *In fact, electric motors are so common nowadays that we accept them as our primitive ancestors ac-*

cepted air, water and fire. We flick a switch—and an automatic razor zips off our whiskers. We push a button—and our automobile motor starts. A faucet turns—and a far-away pump delivers water. A vacuum cleaner cleans, an electric fan cools, an adding machine adds, a phonograph plays—and it's all automatic, as far as most of us are concerned.

• *We have been making electric motors for a great many years—in fact we've made millions and millions of them. Naturally, we have improved their design and construction considerably since 1886. We can remember when we thought a 1/4-horsepower motor, which took up more than a cubic foot of room, was a pretty commendable achievement. Now we can pack the same horsepower into a third of the space, sell it for less, and save the user a big dividend in operating cost.*

• *But after all, it's fitting the motor to the job that really counts. A 1/4-horsepower motor and a 10-horsepower job just can't be combined. Neither can an oil rig and a motor designed for an air conditioning system. That is why Westinghouse offers stock motors in thousands of types, sizes and ratings. And if none of these is exactly what is needed, a special model will be built to order.*

• *The electric motor is "bread and butter" to us—and to almost everyone else. The more we learn about the jobs it can do, the more we can add to its usefulness. Meanwhile, we keep right on with the testing, experimenting and improving that have helped to make the electric motor the unsung hero of American progress.*

* Maybe you know a bright boy who would like to have us send him a little book telling how he can make a toy motor that will run. Just write Westinghouse, 306 Fourth Avenue, Pittsburgh, Pa.

MAN TO MAN

in the

MONEY MARKETS

By CLIFFORD B. REEVES

Excess Profits Tax Penalizes Bigness

under consideration by the Senate, is being criticized by tax experts on several scores. One complaint is that the bill involves an unfair penalty on bigness. Another criticism is that companies that really show no excess profits may nevertheless have to pay excess profits taxes under certain circumstances. Still another complaint is that the alternate methods provided for computing the tax will subject corporations to a great deal of complicated computation and auditing before the most economical method of paying the tax can be determined.

In addition to the regular corporation profits tax of 20.9 per cent on all profits and the existing excess profits tax of six and 12 per cent the new bill will subject corporations to additional taxes of 20 to 50 per cent on "excess profits," as defined in the bill. These excess profits may be computed in two ways, and corporations are entitled to elect the method that results in the smaller tax.

One method of arriving at the excess profit is to compute the average annual profit for the years 1936-1939 in accordance with a special formula provided by the bill.

This average figure is regarded as representing the normal earning power of a corporation, and excess profits taxes must be paid on any profits above that average figure in the year 1940 and thereafter, after an exemption of \$5,000.

The alternate method is based on the ratio of profits to capital investment. Under this method of computation, the corporation must determine what its average ratio of profit to capital investment has been in the years 1936-1939. This rate of return on capital is accepted as normal, and in 1940 and thereafter the corporation must pay excess profits taxes on any profits over this established normal ratio of profit to capital invest-

ment, after a credit of \$5,000 has been allowed.

But under this method, the normal ratio of profits to investment is limited to a maximum ten per cent. Many corporations in which capital plays a small part have always had a higher profit ratio than the maximum provided in the bill. This means that such corporations, beginning in 1940, will have to pay excess profits taxes in the future even though they show no increase in earnings in future years.

If a corporation, in an effort to avoid this situation, chooses to report by the "average earnings" method instead, it suffers a penalty anyhow, because choice of the latter method of reporting involves a penalty tax of 4.1 per cent on all profits. The rate jumps from 20.9 per cent to 25 per cent on all profits. This is tantamount to increasing the normal tax levy on many corporations that will report no actual excess profits.

Corporations that elect to report by the average earnings method, rather than by the capital investment method, are subjected to higher excess profit tax rates. In addition to the increase of 4.1 per cent in the tax rate on all profits, corporations reporting by the average earnings method are subjected to tax rates of 25 per cent to 50 per cent on their excess profits, as compared with rates of 20 per cent to 45 per cent under the capital-investment method of reporting.

After excess profits have been determined, by whichever method, the tax brackets are based on the dollar amount of such excess earnings, rather than upon the proportion of the excess earnings to base earnings. This involves a severe penalty for large corporations whose earnings run into millions. A small corporation, with base earnings of \$100,000 a year, whose earnings jump 100 per cent to \$200,000, pays a tax on its excess profits at a much lower rate than the large corporation whose profits have increased only ten per cent, from \$5,000,000 to \$5,500,000. Many critics

regard this feature of the bill as a clear attempt to penalize bigness in business.

The Drafting of Wealth

wealth, as well as the drafting of men, for defense purposes.

Superficially, the argument for drafting wealth sounds plausible. If you draft men for defense of the country and ask them to lay down their lives if need be, why shouldn't you draft wealth? At first blush, that seems reasonable but, on reflection, such an argument doesn't hold water. In past emergencies, capital has never been reluctant to cooperate, either by loans or by submitting to taxation. The Government should have first call on the facilities of industry, of course, but that is vastly different from an actual draft of wealth.

What is it we are drafting men to defend? Only the right to be free men, which in turn means the right to acquire and hold a competence against confiscation. If we give that up at the outset and confiscate or socialize the wealth of individuals, we have abandoned the very principles of a free economy that we are pledged to defend. Under such circumstances, why fight at all?

Advocates of the drafting of wealth will tell you that this is asking the poor man to die in defense of the millionaire's safe deposit box. That isn't true. What the poor man defends is the right of himself and of everyone else to the *opportunity* to acquire security through the honest accumulation of property. He defends, not only the sanctity of existing property, but the principle of the private enterprise system, in which he presumably believes and which he wants to preserve as an opportunity and way of life for his children.

Moreover, it is time someone arose to ask what is wrong with defending property rights, anyhow. The individual citizen defends his property against the depredations of an intruder, and the law upholds him. In fact, the law actively assists him. Why is it less moral for a nation as a whole to defend the rights of private property?

Property rights used to be inviolate. But government satellites in recent years have fostered the idea that any defense of property rights is at least sordid. Such a philosophy has resulted in a wholesale abrogation of private contracts and, if carried to its logical conclusion, will result in a general moral breakdown.

Some advocates of the drafting of wealth may be entirely sincere in



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Why
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 ★ **IS "TAILOR MADE"** ★
 ★ **FOR INDUSTRY** ★
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MARKETS—The central location of Illinois affords direct contacts with the national market, and the huge Middle West Market is within overnight shipping radius.

TRANSPORTATION—Illinois has direct transportation facilities—rail, highway, air and water—to every part of the nation, to both coasts, and to Central and South America.

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Get the facts on Illinois as they apply to your business. Write the Illinois Development Council at Springfield for a special report containing complete details of raw materials, labor, taxes, power, fuel, transportation, and other facts which have an important bearing upon the selection of an advantageous plant location.

Please explain the nature of your business, and list any special problems you have in production, sales, distribution, or any unusual requirements in labor supply, type of building, raw materials, or other manufacturing needs, in order that a completely informative and practical report may be submitted to you. Your inquiry will, of course, be kept confidential. Write—

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their beliefs. But certainly many others, unfriendly to the American way of life, would like nothing better than to convert the defense emergency into an excuse for the socialization of wealth under some form of foreign "ism" for which they stand sponsor. Others advocate the drafting of wealth because they know that nothing breaks the morale of a nation so surely as the knowledge of its citizens that their private possessions have been taken from them.

Some of the same sophistry apparent in the arguments for the drafting of wealth is also discernible in the criticisms now being heard of the unwillingness of big industrial corporations to accept defense orders regardless of whether they show a profit or loss. What such critics forget is that the heads of such industrial companies, in most cases, are not the owners but mere custodians of such property. They administer it for thousands of small investors who are the real owners. Such custodians have no right, either moral or legal, to dissipate the assets of the true owners, without their permission, by accepting contracts that may lead to heavy losses or bankruptcy.

AFTER nearly seven years of evidence that the Securities Act of 1933 needed revision,

in order to stimulate new capital investment, Congress has finally passed a single amendment to that Act. This amendment, which took the form of a rider on the recently enacted Investment Companies Act, abolishes the mandatory 20-day period required in the original law between the filing of a registration statement and the public offering of securities, and instead gives the S.E.C. discretion to declare registration statements effective as promptly as possible.

Under the original law, after a new security issue was registered, a 20-day delay was required even though the S.E.C. completed its review of the material and expressed satisfaction with it in two or three days. As a result, the arrangement of public offerings was a slow and cumbersome procedure. Many corporations, fearing that the inevitable delay might make them miss the market entirely, took refuge in private financing, which could be arranged with greater promptness and certainty. In 1939, such private financing by corporations exceeded \$800,000,000, and represented 44 per cent of all corporate financing done that year.

The S.E.C. has stated that, under the new discretionary powers, it will do everything possible to expedite registration procedure and accelerate

the effective dates of security registration statements. Investment bankers and representatives of the Commission hope that the "incubation period" can now be cut to something between two and ten days in most cases. Such a speeding up of the registration procedure should do much to discourage private financing and lead to an increase in the volume of public security offerings.

Investment bankers have made it clear that they regard this discretionary period of gestation as experimental. If the S.E.C. sincerely cooperates in reducing the former delay, the present amendment may stand as the final answer to the problem. If the new method does not result in a satisfactory speeding up of registration procedure, the investment banking business may press at the next session of Congress for a further amendment that will definitely limit the waiting period to a specified maximum considerably less than 20 days.

The Plight of Exchange Firms

MANY stock exchange firms, suffering from prolonged market inactivity, are staying in business only in the hope that things will improve after the national elections. If they don't it is freely predicted in Wall Street that many firms will liquidate. One partner of an exchange firm expressed this point of view by saying that he didn't have to work so hard to lose money—he could lose it doing nothing.

Meanwhile the Exchange continues its persistent attempts to solve its problems and increase the business of its member firms. The Exchange itself has pretty much completed its internal reorganization and is gradually getting itself back on a paying basis. The first interim report ever issued by the Exchange, which was made public recently, showed that, in the first half of 1940, the institution had an operating deficit of only \$9,802, as compared with a deficit of \$336,360 in the first half of 1939.

The operating results of the Exchange itself, of course, have nothing to do with the results achieved by the member firms. And having put its own house in order, the Exchange is now turning its attention to the problems of the member firms. Most of these problems spring from the lack of trading volume. In July, only 7,306,000 shares were traded on the New York Stock Exchange, the smallest volume for any month in 22 years. August, with 7,616,000 shares was not much better. On one full trading day in August, the turnover was only 129,000 shares, which was the slowest full trading day in 24 years.

Brokers loans, which are an index

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of speculative interest, are at a record low. Loans to brokers and dealers by the New York City Federal Reserve member banks at the close of August totalled only \$259,000,000, as compared with more than \$4,000,000,000 in 1928 and 1929. As a result of market inactivity, the price of stock exchange seats has sunk to the \$40,000 level.

In an effort to increase the business of its member firms, the Exchange has retained a firm of management engineers and business analysts who are studying possible ways of increasing public interest in listed securities. The Exchange has also announced plans for a new campaign of public education to promote greater interest in securities. This effort will enlist the aid of 43,000 persons engaged in exchange work in 367 different cities.

A study is also being made of the possible advantages to be gained by lengthening trading hours. Members seem to be divided in their opinions as to the advisability of this. When the proposal was originally made some years ago that the market be kept open until four P.M., instead of closing at three, certain evening newspapers opposed the move. Their publishers said that the later closing hour would make it impossible for them to publish closing stock prices in time to reach people leaving their offices at five o'clock. Most members felt then that the loss of publicity represented by the daily stock tables would more than offset any advantage to be gained through longer market hours.

A plan was also being considered for the retirement of exchange seats, but the last word was that the Board of Governors had decided to take no action on that matter at present. A committee which studied the problem had proposed that funds be raised through a tax to be paid by brokers on all transactions, and by other methods, and that the funds be applied to the purchase and retirement of seats, to reduce the number of exchange members who are now competing for a relatively small volume of available business. This would tend to reverse the procedure followed in 1929, when a "dividend" of 25 percent on exchange seats increased the membership from 1,100 to 1,375.

Other committees are studying the advisability of increasing commissions, establishing service charges and imposing fees for work now performed free for customers.

All of these efforts are constructive and may help to improve the plight in which exchange firms now find themselves. But what is really needed is a normal revival of healthy investment and speculative interest among a public that has gained a renewed faith in the future of American business.

MEMO . . .
for Busy Readers

**A New War On
Noise Declared**

THROUGH formation of National Noise Abatement Council, nine manufacturers declared for quiet in business industrial operations, planned to cut nation's noise bill of \$2,000,000 a day resulting from loss of efficiency and ill effects on personnel, decided to sponsor annually a week to stir public to recognition of the virtues of silence. First observance was to begin October 21.

At conference from which Council developed, committee in charge reported preliminary steps toward broad program to attain "by means of cooperative advertising, publicity and promotion, a more general recognition and appreciation on the part of the public of the need for noise control." The committee said:

Noise is one of the most expensive of the needless wastes of modern life. Its elimination, or at least its reduction, in cities, offices and homes is the prime objective of the noise abatement movement. Business is interested because it recognizes that quiet surroundings lead to better work, better health, lower operating costs—because it has come to realize that quiet working conditions more than pay for the cost of securing them in the increased efficiency and well-being that result.

Many tests and experiments have been made to prove the beneficial effects of the elimination of noise. Lowering the noise level in a telephone room, it was shown, reduced errors 42 per cent and cut costs three per cent. In another well authenticated test, noise reduction increased the efficiency of office workers 12 per cent and cut typists' errors 29 per cent. In still another instance, lowering the noise level is credited with reducing employee turnover by 47 per cent and absences by 37.5 per cent.

It is from a desire to gain these practical advantages as well as for the general benefits that would accrue to the public in the reduction of nervous and physical strain chargeable to noise, that the noise abatement springs. We do not expect Congress to declare a national holiday in honor of the event, nor the warring nations of Europe to "cease firing" on that day but if our efforts result in the reduction of some noises, to however slight degree, and the stimulation of some of the public to a recognition of the cost of noise, then we will have made a start toward the realization of our goal.

**Business Men
Guide Students** JUNIOR and senior business administration students of Western Reserve

University this year will have as "sponsors" business executives who will offer guidance in understanding spirit, ethics, and problems of businesses represented. Idea came to fruition through action of Cleveland business leaders who formed advisory committee at request of General Newell C. Bolton, chairman of University board.

Advisory committee will also help

GOOD BUSINESS NEWS



IT was 1937. The business outlook was gloomy. In particular, the ROCKLAND CORPORATION* was fighting against the handicaps of inadequate working capital and a local tightening of credit.

As of January 1st that year, the company's books showed this picture:

NET WORTH	\$132,389
WORKING CAPITAL	76,000
NET SALES (1936)	629,187

Two methods of obtaining funds were being seriously considered. One was through the sale of treasury stock. The other, the negotiation of a Government loan. For reasons that are readily understandable, neither course was looked at with much joy.

Then, a third plan was proposed. Why not take a look at OPEN ACCOUNT financing . . . find out how it worked . . . how much it cost in comparison with other financing? See if it offered a sound solution.

Now, skip three years and turn to the company's books as of December 31st, 1939. Here's the comparison with the 1936 figures:

NET WORTH	\$266,000 — UP \$133,611
WORKING CAPITAL	143,000 — UP 67,600
NET SALES	817,473 — UP 188,266

Remember, this improvement was effected without a single dollar of additional investment.

The president writes: "This has been the biggest year in the history of our company. We do not owe anybody, anything. We are operating on a cash basis . . . Commercial Credit Company saved the day for us. We did not have to sell our stock . . . we did not have to go through with the loan from the Government . . . We want to thank you for the co-operation your organization has extended us."

* * * *

If any substantial part of your capital is tied up in receivables or inventories—or in bank balances, accumulating to meet maturing obligations—investigate our OPEN ACCOUNT FINANCING service. May we send you our booklets, "CAPITAL AT WORK" and "COMPARATIVE COSTS OF FINANCING"? Address Dept. NB.

**A fictitious name, but the facts and figures, taken from our records, can be certified.*

COMMERCIAL CREDIT COMPANY

"Non-Notification" Open Account Financing

BALTIMORE

BOSTON NEW YORK CHICAGO SAN FRANCISCO LOS ANGELES PORTLAND, ORE.

CAPITAL AND SURPLUS MORE THAN \$60,000,000

establish committees of leaders in accounting, advertising, banking, manufacturing, retailing, transportation, and other major fields of business. Members of these committees will select men and women to serve as sponsors in respective fields. Students will confer weekly with sponsors, will discuss relevant publications, trade associations, technical problems, selling policies, labor relations, and contacts with government.

New procedure is expected to combine merits of old "apprenticeship" way of working up in business with modern educational preparation. Also in view is perpetuation of practical word-of-mouth lore and tradition of business in danger of being lost through inarticulateness of business men.

Nickels Finance Shrimp Fishers

NICKEL is an important coin in the fishing village of Southport, N. C. Merchants frequently sell a basket-full of groceries, or a dress or a pair of shoes, and are paid in nickels. Some business men carry buckets of nickels to their offices every morning.

Southport, a picturesque town at the mouth of the Cape Fear river, thrives on shrimp. Unemployment is nominal. Dire need is virtually unknown. Many workers are paid a nickel at a time, prefer to come and go as they please. Wage and hour experts from Washington have not devised a better method of compensating shrimp pickers.



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In days instead of weeks you can permanently house space needed for more production or storage—in small units or large—units easily enlarged later or taken down and re-located with full salvage—units readily insulated, heated or air conditioned.

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INSTEAD
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ROUND OR
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Shrimp boats leave Southport at dawn to drag nets around mouth of river, return early in the afternoon. Each boat goes to shrimp packing house with which its crew does business. As boats come in sight, Negro pickers, most of whom do other work in the morning, hurry to docks. By two o'clock the shrimp houses are full. Men, women and even a few children line up on either side of big troughs into which shrimp are dumped. Each one grabs a bucket and the "peeling" begins.

As soon as a bucket is filled, the picker takes it to a checker who pays off in nickels on basis of quantity of shrimp picked. Then back to troughs goes the picker, unless he happens to have as many nickels as he wants for that day. A good picker can earn as much as two dollars in a short afternoon.

Shrimp are packed in ice and loaded on trucks which ply daily between Southport and eastern markets.

CHARACTERISTIC 8,000 Chambers in New Roster

concern of world's business community to assure persistence of trade is informatively substantiated by the 8,000 names included in the roster of chambers of commerce in this country and foreign lands. First issued in April, 1936, by the Chamber of Commerce of the United States, the roster now available lists changes in the United States and some of the Western Hemisphere countries.

Compilation includes separate lists of state chambers of commerce in the United States, American chambers of commerce abroad, countries in which International Chamber of Commerce has national committees, central chambers of commerce in foreign countries. Roster does not include commercial organizations of a specialized character or trade associations.

Copies of the roster are obtainable at 15 cents each on application to Foreign Commerce Department, Chamber of Commerce of the United States, Washington, D. C.

TO question "What Work Cut Out for Chemistry

do you believe is the most important future development chemistry can make for the welfare of mankind?" asked 18,000 visitors at DuPont Company's World's Fair exhibit, more than 4,500 looked to chemistry for medicines and drugs to check disease. Of this number, more than a third specified a cure for cancer as the anticipated apex of scientific progress, largest group to cite any one ailment. Next came the common cold.

Replies of 3,240 put clothing first; wanted better fabrics and longer lasting materials. Example, "shoes that never need repairing."

Advances in food production, notably a demand for concentrated meals in capsule form, was cited by 1,750.

General answers, which accounted for a large numerical percentage, bracketed a wide field, ranging from "a cheap substitute fuel for automobiles" to dishes that require no dishwashing. Baldness, graying hair, obesity, tooth decay, pain-

ful shaving and similarly popular complaints were aired. Hay fever and various allergies were regarded as worthy of the chemist's speedy attention.

Other jobs which the respondents put up to modern chemistry included:

Rubber fenders that bounce off garage doors, vest-pocket air conditioners, chip-proof nail polish, plastic houses, completely effective insect-killers, synthetic furs, durable lip sticks, non-skid highways, fireproof wood, a filter to remove all dust from the air, unbreakable eyeglasses, transparent steel, "synthetic" rain, artificial water, an "elixir of youth," noiseless explosives, insecticide sprays that would bring down airplanes, control of the weather, a cosmetic that would keep faces young, and a metal that would defy the law of gravity.

Scholarly answers for the most part suggested development of uranium energy, harnessing of the sun and other forms of natural power. In field of food chemistry, answers focused on further development of vitamins, enzymes, and hormones.

Red Tape Cut At Convention

FORMALITIES of registering for convention badges and hotel rooms were effectively simplified in experiment tried in Detroit at annual conference of National Industrial Advertisers Association. New procedure takes care of most of details by mail on single registration card which eliminates need for long wait in line while other visitors are registering for convention sessions and hotel rooms.

All the convention visitor had to do was step up to a desk and give his name, whereupon he was handed badge and credentials, program and banquet tickets—all of which were in envelope held for his arrival if he made advance registration. If he noted hotel reservation on the card provided by convention committee, he found his room key ready for him. He signed one registration card for the room. That ended the formalities.

This simplified procedure was worked out by the conference committee in co-operation with hotel officials who agreed that long queues at registration desks were time wasters and unnecessary annoyance. Several cashiers were on duty to receive registration fees and payments for banquet tickets so the transaction was concluded quickly enough to prevent formation of long lines of visitors and resulting congestion.

Used Car Act Binds Sellers

ACCIDENTAL death of high school student in newly-bought second-hand car with defective brakes led to new ordinance for New Rochelle, N. Y., affecting used-car sales.

Ordinance, passed almost as soon as coroner's verdict was heard, forbids sale, either by individuals or by dealers, of second-hand cars which are mechanically defective, under penalty of a \$100 fine. Each seller must give to each car purchaser a certificate of mechanical perfection stating that car meets all safety requirements.

Law went into effect May 15, with strict enforcement in view.



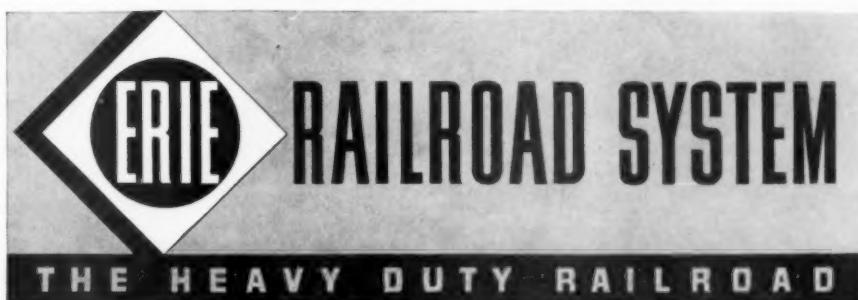
YOU'RE RIGHT NEXT DOOR TO A COAL MINE

...Or you might just as well be, if your business is located in the vast Industrial Empire fed by the Erie Railroad. Serving directly the anthracite territory, linked by connecting lines with principal bituminous and coke-producing areas... Erie blankets the coal region. Saves shipper and consignee time and money with service second to none.

Specify Erie next time—whatever the shipment may be. Get the benefit of the fast, on-time schedules, the streamlined handling methods, and the special handling equipment that have made Erie "First in Freight."

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BETWEEN NEW YORK AND CHICAGO

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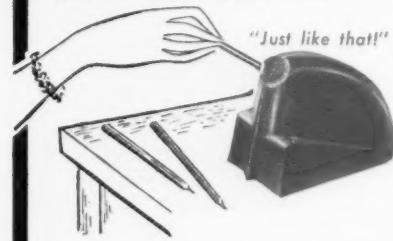


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In the leading store of one of our largest cities the daily one hour chore of pencil sharpening is reduced to $\frac{1}{3}$ the time. Saving: 40 mins. per day, 200 hours per year, 33 cents per day in time, 99 dollars per year. And with no pencil waste!



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any other business magazine.

A Political Lesson in French

(Continued from page 17)

reforms were shot through undigested, among them compulsory arbitration of all labor disputes, and a bold reshaping of France's entire fiscal system. That the 1937 Popular Front's ordinary budget showed a 5,000,000,000 franc deficit and its extra budget a shortage of around 20,000,000,000 was understandable as Mr. Blum had adopted the American policy of spending without much worrying about means to pay up.

Competent surveys now showed the Blum program had clogged the Paris money market, stalled production, spurred rises in costs and prices and caused a decline in foreign trade. The financial tangle was made worse by a marked shortage in tax returns. French workers began to show acute agitation at the price rise which they saw nullifying their recent gains. Heeding this rumble, Mr. Blum threatened price control if other means failed.

Reforms that backfired

IN THE meantime, French capital was actively protesting at the unsound rain of reforms. French industrialists and business men held that so many one-sided and drastic rapid changes in France's traditional economy were premature and dangerous. To back their plea, they pointed to their inability to produce because of constant strikes, increases in costs and prices, and general lack of confidence in Blum's Marxian style economics.

Whether French capital was on strike or not, as some stated, the Blum cabinet's borrowing powers soon became so restricted at home it had to turn for cash to London, so far not overwarm to the French Leftish régime. In January, 1937, however, British capital consented to an advance of \$250,000,000 to the Popular Front with France's railroads as security.

Nevertheless, huge gold outflows from France continued to England and the United States.

Sought Nazi aid

PREMIER Blum then tried another tack. Sensing the need to do something concrete about the Nazi menace, he proposed a Franco-German economic rapprochement to Hitler and said France would make concessions. The Nazis naturally ignored the offer. So Blum turned his back on them and launched a 19,000,000,000 franc French rearment program that was ratified by the Parliament on February 4, 1937.

At this juncture the keen Paul Reynaud, well known sponsor of private enterprise and a liberal capitalistic economy, violently attacked the whole Popular Front economics as ruinous to the French nation. Reynaud's indictment was followed by a warning from the impartial and distinguished French economist, Charles Rist, that the French economic machine seemed now so

clogged it was almost ready to stop running. The truth was the Popular Front and French capital were practically deadlocked.

Hitler, in the interim, was conscripting labor, capital and forcing men, women and children to keep production going on a 24-hour basis in preparation for the total war.

Then, March 5, 1937, Blum suddenly announced a breathing spell and told workers to cease pressing their demands. This swing toward conservatism brought bitter denunciations from Communists and other Left extremists who declared that the Premier had betrayed his trust. Mr. Blum then tried another bold move.

He launched a defense loan, made a sort of final bid to wary capital, lifted the ban on free trade in gold, and appointed a special committee of non-Marxian experts to "give security to business and probe the government security market."

He also promised a resolute tackling of the budgetary problem by drastic economy, stoppage of spending and reduction of Treasury needs by 6,000,000,000 francs.

This was designed to adjust speedy reform with quick recovery.

This move was successful only in that the loan was quickly oversubscribed and French financial circles for the first time since the Popular Front's advent showed some signs of cooperation. But, at the other end, Communists, Left wing Socialists and other discontents would not agree to the breathing spell and said it was a plot to deprive workers of their recent gains.

The powerful French Confederation of Labor whose membership had jumped from less than 1,000,000 to 5,000,000 in the course of Blum's régime, backed these extremists and called for the nationalization of credit and all basic French industries.

These and other radical demands revived conservative fears and brought condemnation from an added section of moderates and middle-class bourgeois. Capital was again in flight and the Blum breathing spell petered out.

The resulting crisis felled the Blum ministry in the French Senate on June 21, 1937.

Industry was stalled

BUT a modified Popular Front government with Radical-Socialist Camille Chautemps as Premier, Blum as Vice Premier and non-Marxian but liberal Georges Bonnet as Finance Minister, tried appeasement. Despite concessions to French finance and industry, Chautemps failed to adjust the acute differences between labor and capital. Social agitations continued as workers and others suspected their gains were going to be taken from them in view of demands by French employers for their downward revision.

Stalled production in industry con-

"Backstage" at the Auto Shows

AS the curtain goes up on the 1941 Auto Shows, let's give a hand to the folks "backstage" who, year after year, somehow manage to make each season's crop of new cars a bigger hit than the one before.

Here, indeed, is a shining example of the persistent progress that can be produced by American enterprise, management, and industry working in harmony to provide better and better products at lower and still lower cost.

From bumper to bumper, the 1941 cars present an enlargement of values that was undreamed of 20, 15, or even 10 years ago.

To the smarter styling and greater passenger comfort of the new cars, Collins & Aikman Corporation has made a major contribution in the form of an upholstery fabric created expressly for motorears, the new canda cloth.

Brighter, gayer, fresher

colors and patterns mark the first difference you'll detect in this new upholstery fabric as compared with those of former years.

Next, you'll notice how easy it is to move about on its soft, lustrous, slide-easy surface—and how comfortably cool its porous, air-free construction makes even a long drive.

But the difference goes far deeper than that. After many months and miles, you'll find how unbelievably long this new canda cloth retains its showroom looks and living-room comfort. You'll be amazed at its ability to take repeated beatings, brushings—and even thorough scrubbings with soap and water!

The new canda cloth is fashioned for '41—in the manner of its styling. It is built to boost your car's resale value at trade-in time—by reason of its stout durability.

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The Latest in GOOD SEATING

Many business leaders have long been convinced that chairs for modern offices should be smart in design, really comfortable, and rugged enough to withstand hard daily usage. Now though they are also stressing the need for good seating as an aid to better working efficiency.

The new Harter Adjustable Steel Chairs—the Comfit Line—exactly meet these qualifications. They appeal to all office workers who want fine chairs designed for efficient and comfortable support.

The Comfit Line offers good seating for all office workers. The Harter Corporation, Sturgis, Mich.

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tinued and all Bonnet achieved was a little sounder credit and a stabler currency.

The growing lack of confidence at home and the big proportions which German rearmament now assumed made the country realize it was slipping into considerable danger. So, when Socialists and Communists talked of more reforms in face of this, Chautemps promptly resigned.

While the French were thus engrossed with their internal dissensions, Hitler walked into Austria on March 12, 1938.

The final dethronement of Mr. Blum and his Leftist colleagues came soon after a last desperate formation by him of a simon pure Marxian Popular Front cabinet with support of his party and the Communists only. New waves of strikes and lockouts followed that nearly paralyzed French aircraft and arms plants. War material was way behind the totalitarians. Blum proposed dropping liberal economy for one controlled on a "semi-war basis" that included a capital levy, amortization of the public debt, exchange control, revaluation of the Bank of France's gold and modification of the 40 hour week. Defeated on this again by the French Senate, Blum resigned on April 8, 1938.

Judged by recovery progress and demands of the French national emergency, in a Europe arming to the teeth, the results of the Blum régime were largely negative. Although labor and the masses had achieved certain gains, among which those like collective bargaining, paid vacations and better working conditions were long overdue, the Popular Front program, on the whole, was unsound for two reasons:

First, it was frankly political experimentation in the name of reform.

Second, it was pushed at a time that urgently barred any such risky procedure.

Clashes instead of work

THE clashes and problems it produced disastrously clogged the French economic and financial machine, just when it should have been functioning as a unit, with every ounce of energy, to create an efficient military establishment with which to meet the coming totalitarian onslaught.

In 1937, French production fell from 25 to 35 per cent as compared to 1929, while the Nazis increased their output by 20 per cent or more.

The outstanding harm resulting from Popular Front administration was not only its disastrous effect on French production, but the direct way its policies played right into the hands of Nazi Germany that had naturally watched French disunity and delay in arming and equipping, with gloating pleasure.

France's dissensions had also lowered the national morale and likewise the quality of production. Arms and aircraft industries had notably suffered injuries and underproduction since nationalization. Figures show that plane production in 1937 was 38 machines a month; in 1938, about 62 a month; in 1939 about 160 monthly.

The French newspaper *Petit Parisien*

stated that, in actual combat, the French Air Corps lost 29 per cent of its effectiveness in the 46 days of the Nazi offensive. Conditions similar to the air plants undoubtedly prevailed in French arms and war material plants.

Of course when Daladier, a conservative Radical-Socialist, came in after the most agitated and confusing 22 months in the annals of French economy, he inherited a chaotic situation. But he restored traditional liberal French procedure, reassured capital, disciplined labor, encouraged production and imposed order and quiet. The war peril was now assuming big proportions and he commanded the services of Paul Reynaud as Finance Minister. Reynaud got to work to remedy the lack of preparedness, including proper arms and equipment so needed by the French military establishment. He made drastic changes in French economy and finance, sped up production, won national teamwork from industry and labor because both now realized their recent mistakes in face of France's grave national danger of war.

Mr. Reynaud soon had to organize the French régime on the basis of a war economy.

"In peace," he said, "it's freedom. In war, controls."

Too late to prepare

ON MARCH 15, 1939, Hitler occupied Bohemia and Moravia. This spurred Daladier to decree the mobilization of France's entire material and moral resources for the struggle with Nazi-Germany.

French economy was geared accordingly. The working week became 45 to 60 hours, as needed. Overtime pay was slashed, skilled labor conscripted, civil expenditures reduced and new taxes spread over all classes equitably to pay for national defense. Arms profits were taxed 50 per cent to 80 per cent over normal taxes.

On September 1, 1939, Hitler invaded Poland. Two days later France declared war on the Reich.

In December, 1939, Daladier reported France was at last getting into a real stride of producing war material of all kinds, 950,000 French workers being then engaged on this task.

But the subsequent sudden and tragic collapse of France not long after the Nazi break through at Sedan on May 13, this year, revealed glaringly not only the extent of French but British unpreparedness to meet the most ruthless war machine the world has ever known.

Tangled and irresponsible economics, it can be seen from all this, not only played havoc by delaying and preventing adequate French preparedness but also definitely hastened the decline and fall of France as a military power.

The lesson for American democracy is twofold:

First, we should not fail to prepare our national defenses in time and show that we, as a democracy, can produce all essential needs for this on a totalitarian scale.

Second, the prime condition of this urgent achievement is a strong and sound economy.

Another Social Experiment Goes Sour

(Continued from page 25)

pleted were 84 one-room and 222 two-room apartments. And they were 13 miles from Washington, on a 12,000 acre tract of land!

With rents on these quarters set at from \$18 to \$41 a month (average \$31), including heat and hot water, the project represented a choice piece of favoritism for the fortunate few who could be accommodated. Disregarding the initial cost of approximately \$16,000 a home, and considering only the appraised current replacement value, this means a rent subsidy of fully 40 per cent from taxpayer to tenant.

More than 9,000 applications were said to have been received for the 885 homes to be occupied. The selection was made by picking a high percentage of "forward-looking" families with political clearance.

Not all of them were low income families. Among those with good New Deal connections, incomes run to more than \$2,600 a year. One check-up showed that about 70 per cent were federal employees. At the end of a year's occupancy, there were said to be only 26 registered Maryland voters in Greenbelt, but that number has been multiplied several times since.

The visitor from an ordinary town of 3,100, say in the Middle West or South, who comes to visit Tugwelltown will find much to envy. It boasts many advantages he cannot hope to enjoy at home because he and his neighbors would have to pay for them by special tax levies and bonded debt.

He can stroll along the shore and enjoy the panorama provided by a beautiful 12-acre artificial lake made for swimming and boating, at a cost of \$200,000 or so. He may wonder that the town also has a handsome \$72,000 swimming pool. That is because water drained from the streets into the lake and made it unsanitary for bathing.

Other proud Greenbelters will show the admiring visitor their imposing \$112,000 recreational center, their hospital, their kindergarten—the only tax-supported kindergarten in Prince Georges County—their elaborate all-weather tennis courts, and their two schools into which went \$494,000.

The tourist will hear also about the splendid Greenbelt Boys Band. Many a town has such a band, usually achieved by subscription drives and benefit performances to collect the funds. But Uncle Sam provided the \$3,000 worth of instruments for Greenbelt's band.

By this time the enthralled small town visitor from the hinterlands begins to think he has found Utopia in real life. "And just think, it's all free; they pay only \$31 a month." Then, it may be, he goes reflective.

"Why, I'm helping to pay for all this and the other cooperative communities run by this Farm Security all over the country! But nobody comes along and



Quick, Elmer . . . the G-men!

"... There's a young man printing postage stamps and postmarks in that office down the hall! He's bold as brass, too—leaves the door wide open."

Aunt Harriet hasn't been around very much, and the war news has her all upset. She sees Fifth Columnists everywhere! But Elmer, her nephew, told her that his office printed postage, too; and that it was just as legal as lollipops when you used a Pitney-Bowes Postage Meter! He told her that the Meter replaced ordinary stamps, and lick-and-stick mailing . . . showed her how it *printed* any stamp denomination needed, with a dated postmark and advertising slogan, and sealed the envelopes simultaneously . . . described the automatic counters that show postage on hand, postage used . . . explained how Metered Mail, already cancelled and postmarked, took less time in the postoffice . . . and why Metered mailing saved time, effort and postage in his office . . . Now Aunt Harriet thinks it is the greatest invention since the curling iron!

Is there an Aunt Harriet in your business family? A word to our nearest office will bring a demonstration of the Pitney-Bowes Postage Meter in yours—soon!



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gives us any free community center or swimming pool or boys' band at Jonesburg. It's a mis-deal."

Even the local weekly newspaper, the *Greenbelt Cooperator*, is subsidized by a benevolent landlord. It is a cooperative venture except that office space, heat, light and office equipment are all provided at Government expense. When next you pay a federal tax reflect that some part of your modest contribution goes for the support of this newspaper, a publication that does its share of preaching against the American way of life. Example: a recent issue, commenting editorially on a Washington apartment house fire, added this weighty pebble to the literature of revolt:

But we will never have action so long as we are dominated by a system of private ownership of property. . . .

Here in Greenbelt we are a privileged group, protected from fire hazards and other dangers and inconveniences which plague the average family in the District. . . . It is well for us to remember that this is only a tiny island in the sea of the profit system.

Not budgeted by Congress

GREENBELT is operated by the U. S. Department of Agriculture through its Farm Security Administration. All income from rents or any other source goes into a separate Treasury account, which is available to F.S.A. for operating the project. This is under authority of the Bankhead Law.

Unlike most appendages of the federal Government, its operating budgets are not scrutinized by the people's elected representatives, the Congress. If that were required, the responsible officials would have faced a difficult task, that of standing before appropriations committees and justifying some dubious items, such as the band instruments, the bus subsidy and others. It cost the Government some \$10,000 to obtain for the first year special express bus service to and from Washington.

Before a hard-boiled bi-partisan committee of the Congress it would be a stiff assignment to justify the town of Greenbelt's budget by comparison with those of nearby independent towns in Maryland. The following table shows that last year's municipal expenditures were more than twice as high *per capita* as for the state capital, Annapolis, and seven times as much as in the neighboring town of Brentwood, with almost exactly the same population:

Town	Population	1939 Budget	Per Capita Cost
Annapolis	13,000	\$172,500	\$13.23
Takoma Park	8,500	59,000	6.94
Hyattsville	6,700	38,920	5.81
Brentwood	3,100	11,897	3.83
Greenbelt	3,100	85,000	27.42

Remember that Greenbelt's town budget includes nothing for interest or retirement of principal on bonded debt as in the case of most towns. Its streets, sewers, water mains and disposal plant all were built and paid for out of the federal Treasury.

But to understand the Greenbelt financial picture, we must remember that it is altogether different from the ordinary independent town. It is incorporated

as a Maryland municipality. For the operation of its town government it receives money from Farm Security in lieu of taxes. For 1940 the town budget is \$85,145, of which \$68,895 was provided by Farm Security, the remainder having come from several miscellaneous local sources. Less than \$3,000 was paid in direct taxes by Greenbelt residents.

This, of course, has nothing to do with Farm Security's landlord account. The statement has been freely made that Greenbelt is showing a net profit. But when we penetrate the maze of government accounting, that is found to be true only on the basis of selective figures. A Greenbelt operating statement prepared by the Resettlement Division of Farm Security for the fiscal year ending June 30, 1940, shows:

Total income from rent, utilities and furniture	\$414,182
Total expenditures for personal service and supplies	360,961
Profit	\$ 53,221

But elsewhere is recorded the payment by Farm Security of \$68,895 to the municipality in lieu of taxes and also \$44,946 to the county and \$7,605 to the state in lieu of taxes. These amounts, which are just as truly Greenbelt costs to the taxpayers as the other items, convert an apparent profit of \$53,221 into a deficit of \$68,225.

This by no means tells the whole story of Greenbelt's continuing liability to the Government. Nothing has been charged for Washington overhead—for the officials and clerks at headquarters who devote their time in part to resettlement communities business. And, if the project were a private enterprise, it would be expected to earn interest on the investment, let's say at the very least two per cent on the \$15,000,000 or more which the Treasury put into its original cost. That alone is \$300,000. There would have to be depreciation, too. Ordinarily this is estimated on the basis of a 50-year life, or two per cent a year. If we take Farm Security's own figure of approximately \$7,500,000 as the actual value of the property less land, we would have to set aside \$150,000 a year for depreciation.

Add these amounts to the operating deficit of \$68,225 and we see that Greenbelt is costing the people of this country a loss of at least \$518,000 a year, in order that 885 "low-income" families may live on a scale beyond that to which they have been accustomed and better than the average self-supporting family.

This devious duality of accounting is only part of a rather elaborate fiction intended to conceal the socialistic status of Greenbelt and nourish the impression that the citizens run their own affairs. Obviously, their real relation to the government is that of tenant to landlord. But it is something more than that simple statement implies.

Farm Security's Greenbelt manager is inevitably also the municipality's town manager. He gets his salary in two checks—one from Farm Security and one from the municipality—although both actually come from the Treasury of the United States. The manager's dual, or triple, status makes him at once a local official, a federal official and an

agent of the landlord. In that position he can enforce with equal authority the law as represented by the town's ordinances and the rules of the Farm Security Administration.

Being a good tenant in Greenbelt means more than paying the rent regularly and taking good care of the property occupied. Much emphasis is placed on the "spirit of cooperation." The assistant manager, like Professor Tugwell, went to Russia to observe the Great Experiment, and learned new ways of dealing with individualists and dissenters.

Objectors may have to move

UNLESS the tenant is a good conformist he may find that the landlord can easily withdraw the privilege of living in Greenbelt and enjoying a 40 per cent rent subsidy. Perhaps his children are rugged individualists and don't get along so well with their fellows at school or in community play. The policeman makes a friendly call on the father and asks him if he can't do something. So far, that is just like the procedure in thousands of other communities. But with this difference: the policeman at Greenbelt might casually mention the tenant's lease and imply that its renewal would depend on the record. The landlord is the law.

As a subsidiary of the far-flung empire of Secretary Wallace, it should be no surprise to find in Greenbelt a laboratory experiment in the cooperative idea. The Secretary has visualized America made over into a cooperative commonwealth. That is what Greenbelt was to be in miniature.

Stores, theater and other facilities were leased to the Consumers Distribution Corporation, a Filene philanthropy, to operate, the Government allowing 2½ years for them to be organized into a local cooperative corporation, with the added condition that this would not be done until 50 per cent of the resident families had bought at least one \$10 share. After three years of unavailing effort, F.S.A. gave its approval for the turnover without meeting either condition. To date the shareholders number only about 365. Actually, local control is something of a myth; Consumers Distribution Corporation still has the final word.

The Farm Security proprietors departed from established custom in leasing government-owned property to the cooperative without competitive bids. This includes not only buildings but a variety of equipment from meat slicers to motion picture projectors, all bought through government procurement.

Health was to be assured by a group health association, with doctors employed on salaries. With the exception of one dentist, there is not a private, competitive enterprise in the town.

And now, with the political pot boiling over, Greenbelt becomes a collectivist hot potato. Convinced that the residents are now "ready for self-government," their federal landlords offer to sell or lease to some Good Samaritan housing authority. Another Brook Farm will soon have gone the way of all its predecessors. Its salvage value depends on how well the people have learned the lesson of Tugwell's Folly.



Above

The covered Stowell Trophy, which was won by Miss Crismon. Awarded to the high school student establishing the best typing record from a dictating machine.



Seated: Miss Stella Pajunas, Cleveland; standing at left, Miss Margaret Hamma, Brooklyn; standing at right, Miss Velma Crismon, Tacoma.

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In the thirty-minute special Secretarial Transcribing Machine Event, Miss Stella Pajunas established a new world's record by writing 106 net (five letter) words per minute in competition with 55 of the fastest transcribing machine secretaries in the United States and Canada. Miss

Pajunas operated the Electromatic for only two months previous to her entry.

New records were also established on the Electromatic by Miss Velma Crismon in the High School Open and Amateur Typing Events, the Novice and Open Dictating Machine Events and the Schools Contest Typing Event (all divisions).

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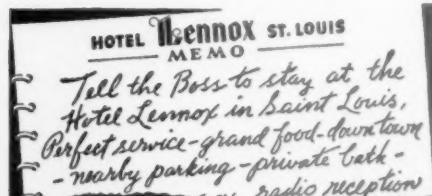
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Railroads Ready to Move Defense Load

(Continued from page 20)

in mind something that seems completely to escape the comprehension of the graph-gazers—the fact that the railroad business is done on demand. When the rush comes, railroads cannot go on a delayed delivery basis as other industries are expected to do. Neither can railroads manufacture transportation in slack seasons and store it for use in the period of peak demand.

Old equipment is useful

TO MEET the peak demand, lasting from two to four weeks in the fall, the railroads must maintain a heavy reserve of equipment, and that's where the overage locomotives and cars come in handy. Every man has hanging in his clothes closet a serviceable old suit or two which he uses on fishing trips and the like. It would be nice, perhaps, to add to his wardrobe a fine new fishing outfit and throw away the old suits. But the ordinary man doesn't do it, for sound financial reasons. Neither do the railroads throw away their serviceable older cars, needed for but a few weeks in the year, unless in each particular case there is prospect of real economy—not statistical average economy—in doing so.

The final step in the statistical ap-

roads handled nine per cent more freight tonnage than they had ever moved in one year before. By the end of 1917, however, there was congestion at terminals, particularly at and near the North Atlantic ports, and on January 1, 1918, government operation began. What were causes of this "break down"?

The best statement of them is in the 1918 annual report of William G. McAdoo, director general of the United States Railroad Administration, who describes the "potent causes" of congestion.

There was, he says, "the necessity for giving priority to shipments of government freight and the lack of a central control, even in a single department, to decide upon the degrees of importance in priority."

As a result, railroad yards were choked with thousands of cars bearing the little red tags which called for government priority movement, with no one to tell which priority had priority over all the other priorities.

Another cause as described by Mr. McAdoo was "heavy building operations by different branches of the Government, the contractors for which ordered materials forwarded far in advance of their ability to receive and unload.... At one time there were more than 5,000 carloads



Tracks and rails have been constantly improved. Here workmen are welding worn rail ends to prolong life of rail

proach to railroad capacity is the statement that the railroads "broke down" in moving the war load of 1917, and the Government had to take them over. That statement has been made so often that it has come to be part of our American folk lore but, like a good deal more of that lore, it doesn't stand up under factual examination.

In 1917 the privately-operated rail-

roads handled nine per cent more freight tonnage than they had ever moved in one year before. By the end of 1917, however, there was congestion at terminals, particularly at and near the North Atlantic ports, and on January 1, 1918, government operation began. What were causes of this "break down"?

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were moved to destinations only to become storage warehouses, instead of being unloaded promptly upon arrival and sent on their way. More than 200,000 such cars were standing around at one time in the vicinity of ports, camps and government projects, out of service, taking up track room and in the way of other cars.

Now here is the big intangible that can't be put down on the slide-rule, and so escapes those who fix their gaze upon the figures:

That sort of thing won't happen again.

It won't happen, for one reason, because the railroads spent billions of dollars to restore and improve their plant and equipment after the Government returned them to private operation.

It won't happen again, for another reason, because of the cooperation of shippers of the United States organized in 13 regional Shippers' Advisory Boards, together with a national association of these boards. The first of the Shippers' Advisory Boards, that in the Northwest, was born in the transportation emergency of 1922, out of recognition of the fact that freight cars spend as much of their lives in the hands of shippers as they do in the hands of the railroads, and that how shippers use cars is just as much a part of total transportation performance as how the railroads handle them.

It won't happen again because cooperative arrangements have been set up between railroads and interested departments of the Government to see that cars bearing government freight are used as vehicles of transportation, not as wheeled warehouses.

Organized for better service

IT WON'T happen again because the railroads are organized as never before to get the best use out of their better plants. One feature of this organization is the Car Service Division of the Association of American Railroads, with its main office in Washington and district offices in Boston, New York, Atlanta, Cincinnati, Pittsburgh, Cleveland, Detroit, Chicago, St. Louis, Dallas, Omaha, Seattle and San Francisco, and its car service agents working at every important terminal.

Among the sections of the Car Service Division is the Port Traffic Section, with headquarters at New York, which receives daily situation reports from each one of the Atlantic and Gulf ports. At the first indication of a tendency to congestion, it is authorized to take necessary steps, even to the extent of placing an embargo against freight moving to that particular port until the congestion clears. Only once has that had to be done, when the grain elevators at one Gulf port were full and no ships were in sight to carry away the grain already there.

To let train loads of grain keep rolling into a port where it would have to stay in the cars didn't make sense. With full local cooperation, therefore, an embargo was placed on grain shipments to that port until there was room in the elevators to receive it.

As a result of fine cooperation among

Since motor cars began



Automobile patented by George Selden in 1895
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port authorities, steamship lines, shippers and railroads, in 1940, a 50 per cent increase in export freight, as compared with the same months of last year, has gone through the Atlantic and Gulf ports without the slightest congestion. In the port of New York alone, there was a period this spring when export freight totaled more than three-fourths as much as it had been at the World War peak—and so smoothly did it flow that it excited no public notice whatsoever.

Railroads in maneuvers

ANOTHER activity of the Car Service Division is its newly-created Military Transportation Section, working with and for the military authorities in handling transportation. The first test of this new organization was in the movement of 150,000 soldiers to the August maneuvers. This movement, made in more than 300 special trains, was carried out with smoothness and dispatch, and with a minimum of delay and disturbance, to the great satisfaction of the Army.

In one three-day period, in fact, the railroads transported into three maneuver areas more than 100,000 troops and their equipment. That is nearly one-sixth as many as were moved in the entire 31 days of the peak month of the World War, and is as many as are likely to be moved by rail in any like period even if the United States were at war again.

The railroad men who announced what they could do in 1939, and who now are saying that they can handle the business of 1940, and will be ready to meet what comes in 1941 and 1942, or any other year, are familiar with all the statistics which say it can't be done. But they know, too, these other intangible facts about plant, methods and organization, and they know how little the car and locomotive figures by themselves mean. They saw the railroads in each of eight consecutive years after the World War handle more freight than they did in the peak war year of 1918, do it with fewer cars and fewer engines than they had in 1918, and do it without a suggestion of congestion or car shortage. They are confident that the same methods and organization which did that will enable the railroads to handle any load that might come, whether from increased commerce, defense preparations, or both.

It is easy, in fact, to exaggerate the added traffic which may come from the preparedness program. Headline billions look impressive but when those dollars are translated in terms of transportation demand and spread over the months and years which it will take to spend them, they are not so awe-inspiring. A 45,000 ton battleship may cost \$90,000,000, but when it is finished it is 45,000 tons of steel—and that steel, and all the raw materials which went into the making of it, totals less than 5,000 carloads of freight spread over a period of two or three years. A carload of airplane engines may cost \$100,000 or more but, from a rail transportation standpoint, it is one carload, with perhaps four or five cars of raw materials back of that. A million men in camp is an impressive conception, but the maximum daily re-

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quirements of those men, including food, clothing, arms, ammunition, everything, would add less than 600 carloads a day, or about six-tenths of one per cent of the average daily carloadings in 1939. And those same soldiers would cease to be civilian consumers.

Appraisal of capacity

M. J. GORMLEY is a railroad man's railroad man, whose experience as chairman of the Car Service Division, as president of the former American Railway Association, and executive assistant of the present Association of American Railroads, has given him a knowledge of car supply and car movement which is nowhere excelled. His estimate, after a special study of railroads in their relation to national defense, is that the maximum possible added load because of the defense program would not go beyond about 50,000 carloads a week—less than eight per cent of the average weekly carloadings in 1939.

The railroads said they could do a certain job in 1939. They did more than they said they could.

They say they can do a certain job in 1940, and in the years to come—but that doesn't seem to satisfy the statistical soothsayers.

The situation is reminiscent of the time in 1836 when, months after the locomotive engine "George Washington" had climbed a six per cent grade, certain scientific gentlemen of the age were busy proving by their calculations that it had done no such thing because it was a mathematical impossibility.

Tea at Record Top

ON SHOWING for year ended June 20, "the cup that cheers" matched top volume records compiled in two centuries of tea importation. Exact poundage was 102,460,201.

Of total, black tea shipped from Java, India, Ceylon and Sumatra accounted for 79 per cent. Green, Formosa and other teas made up remainder. Tea of all kinds held in United States at calendar year's end totalled more than 40,000,000 pounds.

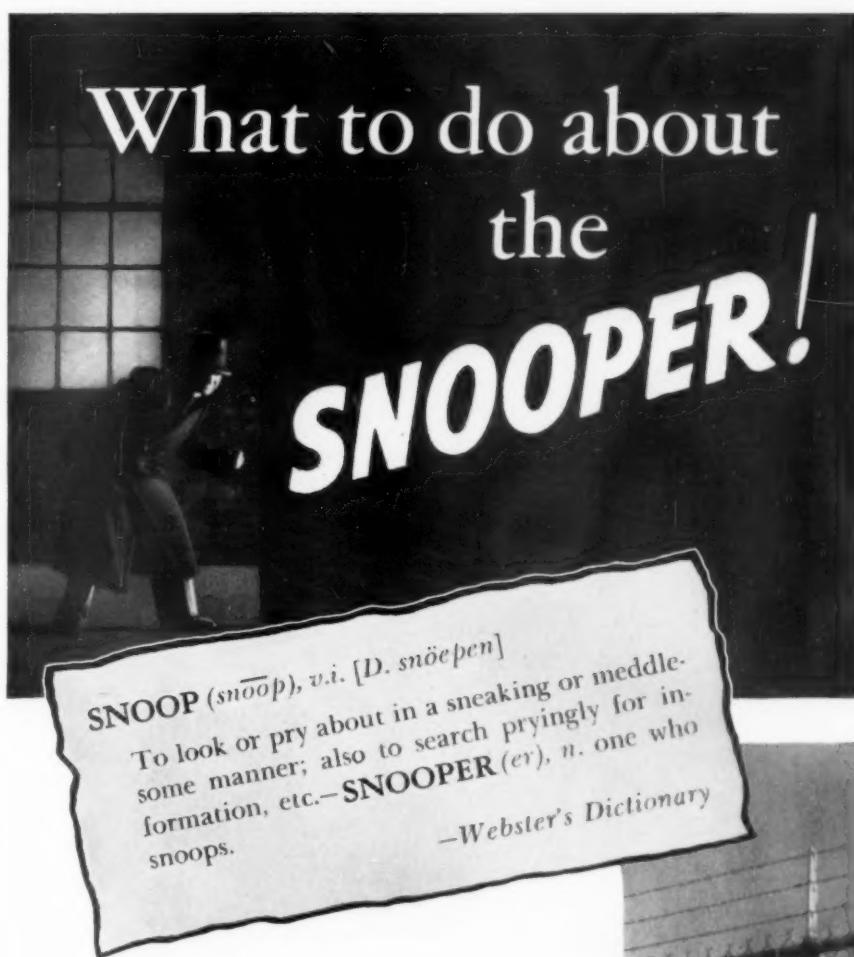
Import figures do not reflect accurately annual consumption of tea, explains Tea Bureau, Inc., chiefly because volume of stocks kept in reserve between importation and final consumer use vary from year to year. Bureau regards stock survey as providing more reliable index of consumption by combining statistics of imports with statistics of stocks on hand.

Member companies of Tea Bureau include 11 importers, 31 packers, 26 chain grocery companies and 107 jobbers and wholesale grocery companies. Importers reporting represent 94 per cent of the volume of all importers; packers, 90 per cent of the volume of all packers; chain groceries, 80 per cent of all chain grocery companies; and jobbers and wholesale grocery companies, 46 per cent of all jobbers and wholesale grocery companies.

What to do about the SNOOPER!

SNOOP (snoōp), *v.i. [D. snoepen]*
To look or pry about in a sneaking or meddlesome manner; also to search pryingly for information, etc.—**SNOOPER** (*er*), *n.* one who snoops.

—Webster's Dictionary



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